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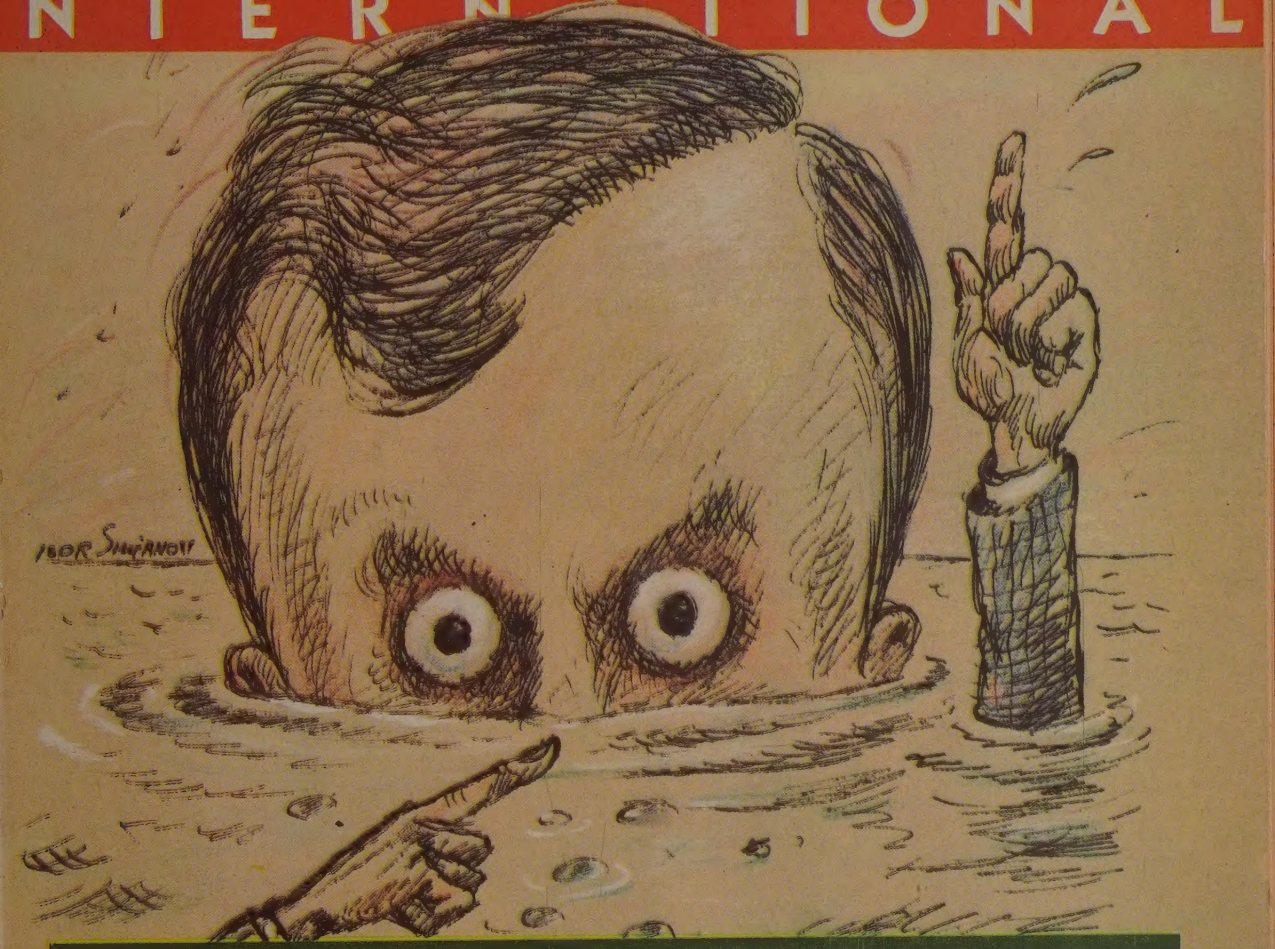

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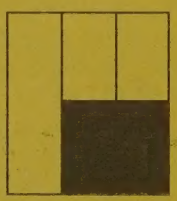

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POLITICS

TRENDS
V.Kulistikov
WESTERN CREDITS FOR RUSSIA: SMALL SUMS INTO UNRELIABLE HANDS, WITH AN ENCOURAGING SMILE 3

COVER STORY
M.Shakina
YELTSIN'S REVOLUTION-MAKER 4

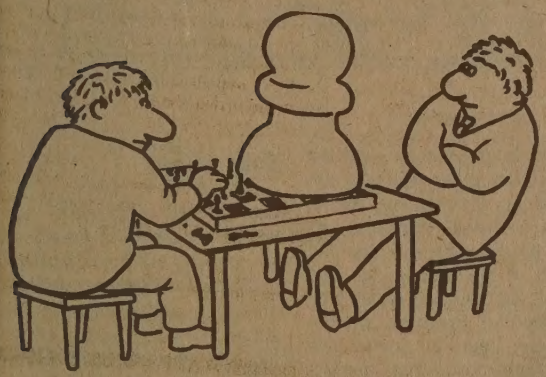
OBSERVER'S VIEW
D.Volsky
AFTER BISHKEK – WHAT? 7

GEORGIA
I.Lagunina
AN ELECTED BAD-LUCK PRESIDENT 10

ECONOMICS

Y.Rusakov
THE IMF MAGIC 13

4



DOSSIER

HOW A FOREIGN COMPANY SHOULD GO ABOUT OPENING ITS REPRESENTATIVE OFFICE IN RUSSIA 15

RUSSIAN–US AGREEMENT ON THE PROMOTION OF INVESTMENTS (DRAFT) 17

INTERVIEW
Y.Kondratyuk
ON THE DOLLAR BAROMETER – VARIABLE 19

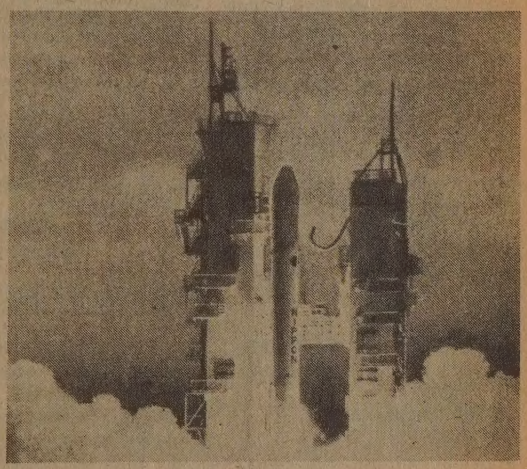
SECRET SERVICES
A.Polyukhov
A TURN TOWARDS JOINT ACTION 22

Cover by Igor Smirnov

RUSSIA–INDIA
S.Irodov
INDIA'S SPACE PROGRAMME SNAGGED 23

ESSAY
I.Mlechina
WHY SWINISHNESS IS INEXCUSABLE 25

23



RELIGION
R.Gainutdin
ON A RAMADAN DAY THEY SHOW US A CROSS 30

ART
Y.Pivovarova
PICTURE GALLERIES WITH ARTISTS, BUT WITHOUT BUYERS 32

LETTERS (2), **THIS WEEK** (9), **OUTLOOK** (21), **PEOPLE** (28)

30

Opinion of a former compatriot

We are talking much, but doing nothing. Grain is grown by hard work. Stalin wanted to force the people into conformity with the communist scheme, compel them to work under orders. Unfortunately, this practice has not disappeared. He wanted peasants and workers to toil on command. Nothing came out of it in the long run. And you are debating now how to force the people into a new Procrustean bed and looking for a new scheme. However, you seem to forget that each economist has his own scheme. Already in 1918 Lenin saw that the command-style system is invalid and he devised his New Economic Policy. Unfortunately, this has not yet been understood by higher-ups.

M.Krupenya
New Zealand

Limits of glasnost?

In an interview with *New Times*, asked about his attitude to the "fourth power," i.e., the mass media, Ruslan Khasbulatov, chairman of the Russian parliament, said: "Many people come to see us, and they all say they put their trust in Yeltsin and me, and none else. As you see, the media have been unable to change their opinion about me."

A familiar note, isn't it? Khasbulatov even added that "there should be a limit to criticism." In Soviet years there have been many officials who tried to set limits of this kind.

V.Yepifanov,
research associate
Penza

Shifting the blame on Russia

There has never been nationalistic hatred in Ukraine. Anti-Semitism has been manifested, of course, but only in relations between people in their everyday life. Today the negative attitude to Russians is an official policy, and diehard chauvinism is propagated at a government level. Russians are enemies, and Russia is to blame for all the troubles. This meets with response of people with backward thinking. Many people voted for Kravchuk, though they were well aware of what kind of man he is (Kravchuk is former head of the ideological department of the Ukrainian Communist Party's Central Committee). They voted for him in the hope that the nationalist Rukh movement would not come to power. But their expectations were not realized. We witness a touching friendship between Kravchuk and the nationalists against whom he fought when a party functionary.

A.Kudryasheva
Dneprodzerzhinsk

Partocrats in a new guise

I am sure that a revival of German autonomy in Russia would only bring good. But it is resisted by former partocrats firmly entrenched in high posts under new signboards. Some people still remember tidy German villages. Partocrats have ruined everything. They merely issued wrong commands. If we just look around we shall see the same Communists who have changed their colours. They hardly desire success of the reforms. They are against everything that is new. And these are the people making trouble for Germans who lived in the middle reaches of the Volga. Just look who is opposed to a revival of German autonomy – either those who are not indigenous people of that region or simply foolish people, of whom there are plenty in this country. Those who worked together with Germans welcome a revival of their autonomy.

Alexander Popov,
veteran worker,
50-year record of work
Saratov Region

Opposition to any government

As a longtime reader of your magazine, I have to note with bitterness that the articles published in its recent issues are marked by apathy, the desire to avoid an incisive analysis of political events. Why is it so? Can it be explained by the collapse of the system, the one which the magazine resisted so stubbornly? However, another monster, equally unattractive and far removed from democracy, is emerging in its place. One state and economic dictatorship is being replaced by another one, with the same people, who have only changed their masks. A new oligarchic monopolist structure encouraged by the authorities is taking shape, while we continue to hope for a "healthy market."

The only role worthy of a periodical meant for intellectual readers is to be in opposition – sound, well-wishing and, if necessary, tough – to any government.

A.Zarubin,
Cand. Sc.(Hist.)
Simferopol

THE WAY I SEE IT

Good wishes

I very much appreciate your weekly magazine as a precious source of information often publishing very good articles analyzing and discussing the situation in the Soviet Union and the whole world. I do not wish to and could not miss *New Times*. I also wish to continue to provide you with comments about social, political, economic and other issues, hoping they prove beneficial to you.

The situation in Russia and the other independent states of the Commonwealth is certainly very complex and difficult. This holds, first of all, for the great mass of individual citizens. But I hope and wish that the road to a modern, humanistic society will not be too long and hard.

Paul Ney
Kassel, Germany

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Western credits for Russia: small sums into unreliable hands, with an encouraging smile

Boris Yeltsin has accomplished what Mikhail Gorbachev failed to do, and the new master of the Kremlin, jealous of his predecessor's glory, has cause to rejoice. An unprecedented thing has happened to Russia: its acceptance to the International Monetary Fund has automatically triggered the reform crediting mechanism the starting of which normally takes months, at best. The World Bank is ready to inject, practically right away, 1.5 billion dollars into the disintegrating post-communist economy; this sum will go to stimulate agriculture and food production, the power industry and the inter-industry infrastructure. The rest of the money will be forthcoming as soon as the Yeltsin-Gaidar government puts forward concrete investment and stabilization plans and makes them sound convincing to Western experts.

In Russia at large, outside the Kremlin walls, all this is raising strong doubts. To begin with, the size of the credit promised makes one wonder whether the West is serious about its promised support. Israel, with a population of three million, asks the US for 10 billion dollars. The former GDR (population 17 million) will be getting 100 billion dollars in state and private investments a year for a decade to reconstruct its socialism on. Therefore in proportion to its population, which approaches 300 million, the former USSR is supposed to devour 1.8 trillion dollars a year! The West has no such money to spare, and even more modest investments would hardly make its taxpayers happy.

Second, experts are not so sure that the Yeltsin-Gaidar government is prepared to make clever use of even the meagre sums promised by the West. By the time Russia was admitted to the IMF at the end of April, this government had neither a clear-cut investment plan, nor institutions capable of carrying out investment programmes, nor laws, wrested from the parliament, to stimulate foreign investors and to guarantee their rights. It will be recalled that since the beginning of *perestroika,* the former USSR has already "swallowed" credits to a total sum of 45 billion dollars without any resultant changes for the better in its economic situation. What's more, many observers are convinced that instead of stimulating reforms this money has merely helped the cumbersome bureaucratic machine to survive. Paradoxically, the collapse of the communist system has enabled the bureaucrats to change over from the defensive to the offensive. In numerical strength, Russia's bureaucratic stratum has beaten all the records once set by the former USSR; the revolutionary wave took inexperienced but politicized and corrupt men, who were on its crest, to high places, with the result that the quality of administration has deteriorated sharply. Therefore the reforms are imperilled not so much by pro-communist deputies as by incompetent and dishonest civil servants.

The economic effect of the credits is dubious, but their political impact is not. Russia's politically active quarters interpret this impact in different ways, often not without some damage done to the image of the West. The credits are seen as a symbol emphasizing the victory for the West in the "cold third world war" and – now indisputable – supremacy of one superpower, the USA.

That was how the Gaidar government's critics interpreted the words by Michel Camdessus, the IMF Managing Director, to the effect that the West has waited for this moment for 45 years.

From the viewpoint of relations between Russia and the West, this is not a harmless tendency. If Western support fails to improve the Yeltsin-Gaidar government's performance, the likelihood of national-imperial nostalgia flaring up will be great. This may give an impulse to today's "patriots" and "etatists" in the democratic camp to unite, forming a new political bloc. The Gorbachev doctrine of supranational, universal human values, which still determines Russia's foreign policy, will hardly hold out against the onslaught of old pride.

Vladimir Kulistikov

President's right-hand man, the "grey cardinal," the brain behind the reform. He is still a riddle

Yeltsin's revolution-maker

Gennady Burbulis is one of Yeltsin's closest associates. Over the past six months, ever since his meteoric rise in the executive power structure began, he has been constantly lambasted by the media. Yet he is still much of an enigma, though he does not shy away from interviews. In fact, he is one of those few politicians with a wonderful understanding of the value of a good relationship with the "fourth power."

Yet it seems impossible to get to his core, evidently because he is seen against the President's broad shoulders. The media appear more interested in Boris Yeltsin and so do not try to analyze Burbulis's own identity. They have simply given currency – not without help from MPs, note – to several clichés, most common of which are "intriguer" and that Russian idiom the "grey cardinal" implying the power behind the throne.

This image derives from the ramifications of the as yet untold story of how two from Sverdlovsk, the disgraced Communist Party functionary Yeltsin and philosophy instructor Burbulis, unacquainted before the elections to the USSR Congress of People's Deputies, established so close a relationship so much of which is still vague. Indeed, for a long time now, Burbulis has been one of Yeltsin's closest associates enjoying status rather unusual in our society, namely the President's plenipotentiary representative managing the hustings, and a state secretary, an office which seems to have been specially invented for him. The onlooker may well think that Yeltsin willingly satisfies all the whims of his "right-hand man" concerning the reorganization of the executive power structure.

Finally, there likewise signally contributed to the "grey cardinal" image the manner Burbulis has employed – an abstruse, ornate style that infuriates so many listeners, as well as his habit of taking a few seconds out before answering questions, plus a somewhat crafty glance, Jesuit grin, and shady voice. "Is he from the KGB? Why has he got such eyes?" one little boy, a politicized child of *perestroika,* once asked me.

However, one will necessarily have noticed that of late Burbulis has been endeavouring to break through this icy carapace and assume a warmer, more understandable image.

Is this sheer political calculation? After all, in the process of his economic reform, so painful to everyone, in his effort to build up a new Russian state, in his moves so inevitably traumatic for society, it would be good to enjoy at least confidence and sympathy. Or could this be a purely human trait?

In Suslov's study

Nothing makes a politician homelier in the eyes of the public than an awareness that leaders have foibles. Thus Nikolai Ryzhkov, who seemed to sob when speaking in the USSR Supreme Soviet aroused well-nigh a tidal wave of sympathy and support, with deputies denouncing the "heartless" Anatoly Sobchak for daring to call the government incompetent. They immediately demanded that a vote of confi-

dence be taken and paradoxically enough that decided the Ryzhkov cabinet's lot.

Indeed, were Burbulis to fly off the handle in crisis, rebuke deputies and ministers, say something outrageous, or pout childlike when excited, he would certainly enjoy far greater chances of gaining popularity. However, he is not a man willing to show weakness or lose face which is why to be one of the common folk is rather problematic for him.

I well remember the meeting Rutskoi and Burbulis had with deputies in the hall of the Soviet of Nationalities after Yeltsin's election to the presidency. Rutskoi was already Vice-President, Burbulis was a newly-appointed State Secretary. The temperamental Vice-President censured the government and at once established emotional rapport with his audience. No wonder, he and the deputies were pleased with one another, having jointly demonstrated indignation with the government and some of its ministers. Burbulis, now all alone on the podium, could not but sense the awkward estrangement. For some reason he began to elaborate upon his theory of the disintegration of totalitarian systems and an insane society. "Don't tell us all about that," one deputy interrupted. When he aggressively put a question, I for the first time watched Burbulis grow red in the face confronted with this ill will.

"What? Just disliking him?" one deputy said. "They simply detest him." Why so? Evidently due to his meteoric rise by the President's side, due to his exercising a greater degree of influence on Yeltsin than the whole of parliament, due to his opportunities for assigning executive posts, and for working regardless of any opinions let alone the deputies', and finally, due to his occupying Suslov's old room on Staraya Ploshchad and being chauffeured around in a ZIL limousine.

Clever, sober-thinking Burbulis well understands what lies behind the mounting estrangement. He says he has neither the time nor the energy to try to mend fences.

The Moscow and Petersburg intellectuals, of whom there are no small number in parliament, are vexed by his philosophical pretensions. "He's no philosopher." "If a cardinal, he certainly has little grey matter." "He slips through the fingers like water, he's unfathomable." "What are those five points he adduces to characterize Russian diplomacy?" I have listed only the more common epithets. Their contempt is coupled with a condescension implying that since he is so modest and unassuming they have no particular reason to work against him.

Whereas in the eyes of the "eggheads," Burbulis sinks below the standard claimed, the non-intellectual parliamentarians dislike his abstruse and florid manner as if he seeks to show off. They all consider him an upstart.

"I feel hurt because like any normal person I think that unfair, but I realize that it's inevitable," Burbulis comments. He evidently has something of a philosopher.

Yet it must be admitted that some Moscow intellectuals do all they can to help Burbulis. They admire his horse sense and political ingenuity, which they themselves lack.

Some intellectuals admire his political ideas, some regard him as upstart

Populist?

As far as one can judge, Burbulis's life in Sverdlovsk greatly differs from that in Moscow. Rather should one note that in Moscow he is not the person he was in Sverdlovsk. Fellow townsmen and friends from the Urals University, some of whom are in his entourage nowadays, see him as outstanding. They claim that from boyhood he demonstrated leadership qualities, was active, ambitious, at times overly self-demanding and hard working.

One is amazed, when they say that in Sverdlovsk he was a populist, who was always in the thick of things, was ever a source of public anxiety, well-nigh a popular leader. This completely jars with his Moscow image, even if we make allowances for some exaggeration.

Casting a retrospective glance at the first few months of the First Congress of People's Deputies of the USSR, one discerns that Burbulis did not stand out from amidst the common run of People's Deputies. Though a good speaker and though his democratic views were obvious, he often digressed into social science terminology, which noticeably fell on deaf ears.

At the same time he attended meetings of the Communist Party Democratic Platform where he also spoke. However, hardly anyone would have thought to rank him as its ideologue. He at once joined the Inter-Regional Group of Deputies but was never in the forefront. Those associated with him then note that he didn't say much, mostly absorbing the free thinking atmosphere of the Moscow elite. He had what the self-loving Moscow intellectuals lacked, that quality of being down-to-earth, of being of sober mind, of being a good organizer.

Burbulis has his own explanation. He says that in Moscow politics his role differed from that in Sverdlovsk. Instead of stimulating communication, he preferred to integrate the process. Since that First Congress of People's Deputies of the USSR, not one of the Inter-Regional Group's scintillating leaders such as Popov, Sobchak, Afanasyev, Yemelyanov or Murashov managed to accomplish so much as Burbulis – excepting Yeltsin, of course.

Chain gang for two

Burbulis seems sick and tired of being asked when and how he became acquainted with Yeltsin. Thus when I put that question he trotted out what appears to be a legend he has learned by rote. I was startled when he noted that "the first time I met Yeltsin was on the fifth of March of the year of 1989." His relationship with Yeltsin is important. Yet it remains an enigma, inasmuch as the externals, that is when they met, how they started the hustings, chose the tactics, etc., fail to explain much. The mass media and parliamentarians have long wondered how he has come to influence the President. They, as is only natural, offer rather prosaic reasons, contending, for instance, that as Yeltsin has a "nose" for devoted followers that is why he attracts people so unlike one another, as for example a Party apparatchik, a professional Komsomol leader and a philosopher.

Burbulis ridicules all that, though one

sees that these conjectures are painful. He says: "When one wants to ignore that at stake are relationships within the context of a definite historic process, one will come up with sundry inventions such as 'devoted' or 'adviser' and other definitions that I would prefer not to repeat. We never differed on the ultimate objective, which amazingly demonstrates how representatives of different generations with varied experience in life have realized after much painful reflection that things can no longer continue as they do, that Russia is strong enough to attain a better lot. What binds us without question is our community of purpose." Discerned behind the President's relationship with Burbulis is reciprocated respect, solidarity and confidence but with no familiarity. Yet feelings are hidden. I think that were Burbulis not to understand that this relationship is now a political factor so sensitively afflicting parliamentarians, political scientists and journalists, scarcely would anyone got him to note: "Why cannot you acknowledge our right to be more than simply president and subordinate, but to be also comrades and friends?"

Pragmatists have long reasoned that the duo happily complement each other, with one the charismatic leader, the other, a generator of political ideas or at least a man capable of accepting the ideas of others and of noting what the intellectual back-up of power may lack. Noted likewise is the fortunate combination of temperaments, one explosive, the other reflective. Yet Burbulis stresses the spiritual aura and, describing Yeltsin, is well-nigh the poet. Thus he says: "What I value most in Yeltsin are two things, firstly, his amazing capability for rejuvenation, which saved him during the stagnation years, and, secondly, his amazing compassion for people and their life, his lust to listen and look at people." I was surprised to hear that, the more so as the Russian President's character is rather difficult.

"That 'chain gang with flowers' which has fallen to Yeltsin's lot cannot link with light minds. History itself chooses people for such tasks. Who else could turn round this semi-religious land, wherein fear is fused with anger and hypocrisy is associated with an explosive sense of human dignity?" Burbulis remarks.

Tailspin

Many believe – but Burbulis disagrees – that the revolution being implemented from above in Russia in Yeltsin's name is actually a revolution by Burbulis – though it is truly hard to separate the two. Yeltsin's brain, resolution and vigour coupled with Burbulis's strategic design and intellectual back-up of reform represent today the motive forces behind the political processes taking place in Russia. Indeed, as regards today's presidential institutions, the embryo of executive power and the start of the Commonwealth, we will discover Burbulis behind it all.

Perestroika took off in 1985. Yet it was only a mere three months ago that Burbulis got economic reform off into a tangible start. He put Gaidar's team together and provided them with the wherewithal to start the ball rolling. None, who today so furiously and, sad to say, so unseemly criticise the government, were able to do that.

Apart from all the intrigues between President, parliament and the government, which we follow with such delight, there are the dizzying intrigues of history, with which nobody has managed to grapple, whatever one may term them – the theory of the disintegration of the totalitarian system, or anything else. If despite the rigorous time pressure the government is managing to cope with this tailspin and take the entire country along with it, it must be admitted that we owe all this largely to the way in which Burbulis has been able to discern and compute these intrigues of history.

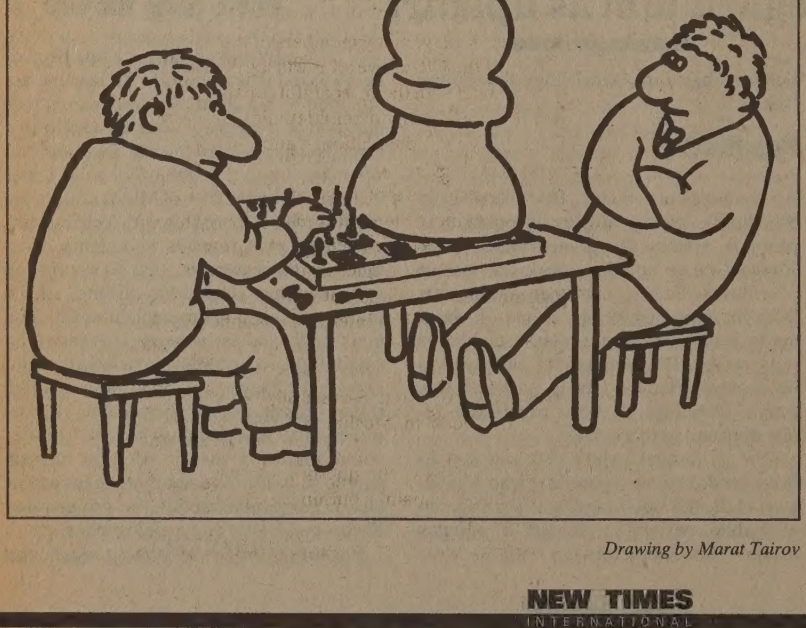
He has been fated to lead the government in the eleventh hour, to adopt extremely unpopular measures. Yet, he has done so with open eyes, happy to see that few others would have ever dared to do so. Before prices were freed, he told newsmen that "the reform cabinet should be proud of itself for having taken the hardest lap." Many who work with him view his lot as one of extreme sacrifice. Indeed he believes himself destined to accomplish the hardest job of all and possibly go unthanked and unrewarded.

His assistants told me that this was Russia's first ever intellectual government that was willing to listen to every new idea, trend and view. However, they are convinced that at present their chief is not doing what he should do. They say his job is to plan strategy and look to the long term. He is no administrative genius, for there are people far more capable of handling routine. Some believe Yeltsin is not blind to that for which reason they predict Burbulis's influence on Yeltsin is on the wane.

Yet if Burbulis goes, I think that whether he is less or more in the public eye afterwards he will continue to play a crucial role.

If, in the final analysis, the dislike Burbulis has incurred will tend to impair things and obstruct Yeltsin's reform programme, then as a man aware of its price and of the importance of removing every obstacle to this programme, Burbulis will be willing to step down. All who clamour for this, scarcely understand that if the basis, in terms of individuals and contents, upon which President Yeltsin relies today, is crushed, what we shall be losing will be Russia's own historical destiny.

Marina Shakina



Drawing by Marat Tairov

After Bishkek – what?

Spring is on its way out. The most important spring holidays, religious and secular – the Jewish Passover, Catholic and Orthodox Easters and, finally, May Day celebrated in the former Soviet Union at the state level as the day of all the working people's solidarity and unity – are over. The Muslim fast of Ramadan has also come and gone. The springtime mood is marred by alarming apprehensions, however. Personally, I have a feeling that the relations between Muslims and Christians in the CIS are not altogether cloudless. The former Soviet Union is no exception in this respect, of course. Recall Lebanon, Cyprus, look at what's going on in Bosnia and Herzegovina today. Now the "arc of instability" Zbigniew Brzezinski wrote about over a decade ago is emerging again, this time along the line of the "fracture between the Christian and Muslim worlds," encompassing a sizeable part of the southern part of the CIS.

The republics of Central Asia are, to my mind, a rather dangerous trouble spot in it. This conclusion is suggested by the outcome of the apparently peaceful meeting of five CIS members – Kazakhstan, Kirghizstan, Uzbekistan, Turkmenistan and Tajikistan – held in Bishkek, the Kirghiz capital, recently.

Although its participants tried to keep up appearances, the meeting can hardly be seen as to their credit. The alliance of the five remains rather loose. President Niyazov of Turkmenistan refused to sign some of the basic documents the meeting had worked out, and President Nabiyev of Tajikistan never showed up in Bishkek at all. There is talk in this connection that Turkmenians are unwilling to share with their neighbours the profits from oil deposits newly discovered in Turkmenia. Besides this, there are the political storms raging in the Tajik capital, and other local circumstances. All that is true, perhaps, but the main causes have come to light after the Bishkek meeting.

No sooner had it drawn to a close than Kozyrev, Russia's Foreign Minister, arrived in the Kirghiz capital. From there he proceeded to Saudi Arabia – Prophet Mohammed's birthplace, and then to other oil-rich countries of the Persian Gulf. The list of the distinguished guests who have visited the Central Asian capitals this spring does not close at that. The visit paid to them by Prime Minister Demirel of Turkey was most eventful. As he welcomed Mr Demirel, President Karimov of Uzbekistan called on his republic to follow Turkey's example in everything. Japan's Foreign Minister Watanabe visited Bishkek and Alma Ata. Iran, new Afghan authorities, Pakistan and, of course, India are active in that region. It looks as if Central Asia's stock is rising on the international political scene.

Today's Central Asia is hardly in danger of falling under the domination of any country (least of all Russia which simply cannot afford shouldering such a burden now); the countries in question stake a great deal on the region's choice of the path of development and the determining of its place in the post-communist world.

Three options are open to it, roughly speaking. First, it may strengthen the remaining links with democratic Russia, adopt, along with it, the values of the free world, promote economic contacts with Russia, the West, Japan and the young East Asian "dragons," South Korea, for example. This option is favoured by Nazarbayev's Kazakhstan and Akayev's Kirghizstan which supports it. This is not accidental: Muslim traditions in those two republics are not as deeply rooted as in the neighbouring ones. Nevertheless, the "northern two" are all for befriending Islamic Turkey, too.

The second option is to gravitate towards Turkey with its "secular Islam," which does not interfere with modern economic progress. This is what the Uzbek President is after. The main forces of attraction are the ethnic and language factors rather than the religious one. It is not for nothing that Turkey is going to beam its TV programmes to the Central Asian region and intends, some observers believe, to get its residents change over from the Cyrillic to the Roman alphabet now used in Turkey.

The third option is Islamic fundamentalism, or rather a choice of its two varieties – Shiite, encouraged by Iran, and Sunnite, which stands greater chances of success in Central Asia, because most indigenes of the region – Tajiks and Turkmenians, specifically – profess this variety of Islam.

Contradictions and clashes among these three options have played a no small role in thwarting the Bishkek plan, it seems. Is it possible to overcome these contradictions? Or will the angles of the planned "pentagon" prove too sharp?

Be that as it may, many members of the world community – of the CIS above all – will hardly avoid coming into contact with them, a painful contact, probably. Especially considering the multiethnic composition of Central Asia's population and its religious heterogeneity.

The presence there of large and deeply ingrained Russian-speaking communities should be taken into consideration, above all. Their lot, precarious as it now is, may well become tragic. In its concern for them, post-communist Russia is not motivated by imperial aims. As it protects their interests, it is upholding universal values of democracy, human rights, the principles of ethnic, political and religious tolerance. The fact that the leader of young Russian diplomacy spent the post-Easter week in Muslim countries is symbolic, perhaps.

Be that as it may, the question of "what happens after Bishkek?" remains a burning one for many in and outside the CIS.

Dmitry Volsky

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THIS WEEK

"I'm at one with Yeltsin as concerns the reform of the political system and the attitude to the status of property, and I disagree with him on approaches to reforming the Union," Mikhail Gorbachev said in a recent interview to the newspaper *Komsomolskaya Pravda*. "In his struggle against the central government, Yeltsin dealt a blow not so much to it as to the Union and Russia. Calls for the revival of the USSR are already senseless. Sad to say, we have to proceed from what exists. But look, Ukraine and Russia are not eager to cooperate. The break-up of ties with the Commonwealth of Independent States is a great strategic mistake. It will undo the market and national security and bring about conflicts in matters of citizenship. An effective form of government within the Commonwealth is urgently needed."

* * *

The Ukrainian parliament has passed a law on the status of the autonomous republic of Crimea. The rights envisaged in the law make the expediency of the planned referendum questionable. But the Crimean parliament did not agree with this law. By a vast majority it adopted an act on the state independence of the Republic of Crimea. This act is to be approved by a referendum which will be held in the next two months.

* * *

The delegations of Russia and Ukraine, meeting in Odessa, failed to adopt decisions on the future of the Black Sea Fleet. A new meeting is scheduled for the latter half of May. Both parties declared a moratorium on any unilateral actions.

* * *

A sharp drop in the rate of the dollar has been registered at an auction in the Moscow interbank currency exchange. The exchange value of the dollar was 143 rubles 60 kopecks. During a week, the dollar became cheaper by 6 rubles 40 kopecks.

* * *

Speaking to the Canadian-Soviet business council in Toronto, Russia's economics minister A. Nechayev said that under the reform plan, the ruble is to become convertible by coming January.

* * *

Ex-president Mikhail Gorbachev, who completed his Japanese trip, is leaving for a two-week tour of the United States. He has a broad programme of meetings with most influential members of American society. Some noted politicians believe that, with all respect for Gorbachev, he should not be received in a way as if he were outshining Yeltsin.

* * *

The situation in Tajikistan is beginning to remind one of the Georgian situation. They are similar at least in two aspects: the short-sighted policy of the authorities unwilling to make real concessions is supplemented by the "neo-Bolshevik" tactics of the opposition, its confidence that any means are good for achieving noble aims. After an exchange of fire between the hostile parties a state of emergency was declared in Tajikistan and curfew was imposed in Dushanbe.

* * *

The conflict in Nagorno-Karabakh threatens to grow into a full-scale war between Armenia and Azerbaijan. Tanks, heavy artillery, combat helicopters and large army units are used in fighting by both sides.

* * *

In an interview with the American newspaper Christian Science Monitor, Kazakhstan's President Nursultan Nazarbayev declared the intention of his republic to become a non-nuclear state. However, until the nuclear warheads are not eliminated, he asked President Bush temporarily to regard Kazakhstan as a nuclear power.

* * *

Under a decree issued by Uzbek President I. Karimov, newspapers and magazines which find themselves in a financial crunch will be taken understate protection. Subsidies amounting to 100 million rubles have been granted to them. In the future, more allocations are to be provided for these purposes. The newspapers and magazines have been freed of the value added tax and lower taxes have been set for them.

* * *

The medical workers' strike is assuming menacing proportions in Russia. As many as 388 medical institutions have stopped work in Moscow, and hospitals will join in on May 5. The emergency aid service will be halted unless the government meets the medical workers' demands. More and more cities and regions are joining the strike.

* * *

Because of an acute shortage of paper rubles, the Lithuanian government has introduced a provisional substitute for the ruble in the form of coupons at the value of 200 and 500 rubles. From now on, part of the wages, pensions and allowances will be paid in coupons legal tender for payments of any kind.

* * *

Kazakhstan's President Nazarbayev has issued a decree fixing the minimum wage and old-age pension. Under this decree, the tariff rates and salaries of the personnel employed in the spheres of public health, education, culture, science and law-enforcement bodies and other budget-financed organizations have been increased by 100 percent on average.

* * *

The Free Economic Zone Yantar (Amber) in the Kaliningrad Region will be directly linked with Europe by the highway Königsberg-Berlin which was closed after the war. The Russian-German enterprise Rosabahn, specially formed for this purpose, has begun to build a section of the road passing through the region.

An elected bad-luck President

The only thing to Zviad Gamsakhurdia's credit is that he became President in the outcome of free elections. Now Georgians are wondering how that happened

Whenever you ask Georgians how their people could have tolerated an 18-months-long dictatorship, they are upset and confused. They are not able thus far to explain how that came about. However, it agonizes many. I was curious wondering to what extent Zviadism was logical, or rather how inevitable the emergence of such men in the young post-Soviet republics might be.

There are matters which some may think trifles. Georgians are the exception; for them such matters comprise a serious problem. They can't understand why Georgia's womenfolk, who traditionally symbolized home, family and piety, could have suddenly transmuted into hysterically screaming mob. I was told again and again that though Zviad was not so attractive, he possessed a certain charisma, somewhat akin to Kashpirovsky's crowd hypnotism. That explanation doesn't pass, as a mere 18 months ago I had heard Georgians say that Zviad was most handsome.

Black Sea rendezvous with Bush

The attitude to the ex-President contains an element that continues to arouse apprehension. What he is basically faulted for are not human rights violations, press censorship, the wholesale hysteria or even the country's disintegration as Georgia's international isolation, which probably offends national pride most.

Though fighting broke out in Tbilisi in December, resistance to the President was not that massive *Photo from Time (USA)*

Teimuraz Gorjoliani, Chairman of the Georgian Conservative Monarchist Party, contends that this is due to Georgia's having not been independent for some 200 years. The concept of regained independence was so powerful that 18 months ago it swept away everything, whether common sense, democratic leanings, or civilized forms of contact. Gamsakhurdia claimed that independence should precede democracy. He came to power on the crest of a tide of nationalistic sentiment.

"The nation was definitely unhappy, harbouring feelings of affronted pride," Mikhail Naneshvili, leader of Georgia's Liberal Democratic National Party — which, incidentally, has nothing at all in common with the Zhirinovsky party — continues. "They suffered from uncontrollable complexes and their aggro built up. At that moment a certain person declared that a concrete evil existed which must be fought. This evil comprised the Communists, the KGB and the empire. An outlet was found to let off steam and people were happy that they could now dedicate their lives to a certain cause."

This man who always most critically viewed nationalistic mottos and nationalistic parties avers, nevertheless, that all who visit Georgia to analyze its political lineup succumb to erroneous impressions of Georgian nationalism. He says the crudely understood concept of national independence shelved all cultural forces who did not join the national liberation movement, as a result of which it was seen as undemocratic. Actually it lacks culture, a real idea, an intellectual approach. All the ex-president's bombast derived from the complete absence of ideology. He is not infrequently termed a fascist, which for him, according to Nanishvili, is a compliment. After all, fascism is an ideology, a mentality, but all that Gamsakhurdia did was to trot out slogans.

Yet it is hard to imagine how developments would have proceeded in Georgia had its people not felt double affronted after Gamsakhurdia's advent to power. Indeed, though they had elected a president

Hunger strikers outside Sukhumi Cathedral want Gamsakhurdia reinstalled *ITAR-TASS photo*

and had attained independence, they failed to obtain recognition.

Tedo Paatashvili, leader of the political Charter-91 organization, an erstwhile parliamentary faction, is of the view, though, that this recognition could have been achieved. As one-time head of the parliamentary commission for external relations, he explains that after the October 1990 general elections, and especially after the March 1991 Georgian independence referendum, the Americans, the Germans and even the French rather energetically initiated contacts with official Georgia. All that deterred them was the Union Centre's artificially created barrier, implying that while Gorbachev was in the saddle, his stance should not be subverted by recognizing the states that had withdrawn from the USSR. Subsequently, Paatashvili observes, recognition was out of the question for other reasons, when the Western world took note of Gamsakhurdia's obvious political extremism.

Curiously enough, Gamsakhurdia himself, aware of this "hiatus," sought to remove it by every means possible, even though officially touting the Albanian closed-door model.

"After the Moscow August events, we collected the signatures of MPs to convene an emergency parliamentary session and denounce the Georgian Supreme Soviet Presidium's activities during the putsch," Paatashvili notes. "We assembled on August 25th and Gamsakhurdia told us Yeltsin had telephoned him with the proposal to recognize independent Georgia and establish diplomatic relations. This came as a complete surprise as I knew how the two presidents regarded one another after the Southern Ossetia row. Gamsakhurdia had demanded of Russia's President that the name of Northern Ossetia be changed, as Southern Ossetia no longer existed. Yeltsin's retort was very sharp. Nevertheless at the aforementioned session, Gamsakhurdia bragged of the phone call from Moscow. I then took the floor to describe what had occurred in Moscow and how our President had reacted to the putsch. But I was not heard, as Gamsakhurdia's pronouncement to the effect that were Russia prepared to recognize us, that meant our policy was right and that took the day. I still don't know whether Yeltsin phoned or not."

The rumour went its rounds that President Bush had recognized the Georgian President, indeed, had even met him in a submarine in the Black Sea or in the Caspian. Some claim that this took place before Gamsakhurdia was deposed, but was not advertised, as Bush sought to steer clear of Moscow's anger. Others alleged that this had presumably taken place after the December events and that Bush had supposedly promised to support the ex-president.

Tbilisi folk are of the opinion that this rumour was circulated by those who still flock to rallies with Gamsakhurdia's picture and laughingly deride the story. Georgians have regained their sense of humour.

The sole choice

Shalva Amonashvili, the celebrated educator and founder of a school, admits that some of his students could have demonstrated in defence of Gamsakhurdia. However, he is sure that they do not react too painfully to the President's exit and to the creation of the State Council. Why so? This is because the educator proceeds in his pedagogical process from a free choice, allowing the student to choose to learn one or another poem by heart or not, or bother or not to solve a mathematical problem. This gives an alternative.

Guram Machaidze, leader of the Social Democratic Party, likewise believes the Gamsakhurdia phenomenon due to an habitual totalitarian mentality.

"What took effect was that for 70 years people were brainwashed in the spirit of devotion to the leadership and the leaders, and that has stuck in the mass mentality," he observes. "Even now we have a long way to go to eradicate that syndrome. We will be able to overhaul the public mentality only gradually, through democratization and a market economy."

Evidently all post-communist states are bound to encounter this syndrome, be it even expressed differently and in a different context.

True, Georgia had its own "special environment." Everyone I asked how Gamsakhurdia had become president explained that he was the offspring of a Georgian literary classic, that he came of a highly respected family (indeed, all Georgians took as tragic the fire that broke out in his home, the Konstantin Gamsakhurdia Memorial Museum), is well educated, is fluent in several foreign languages, had a life-long repu-

tation as a fighter for independent Georgia, had put out an underground political journal and had been a well-known dissident and incorrigible anti-communist. For that matter, after the April 9, 1989 tragedy the Communist Party disintegrated of its own accord. Though this is all very true, it by no means explains the emergence of "Zviadism."

"Gamsakhurdia was wanted by the people who every now and then transformed into a mob," Shalva Amonashvili observes, "with the blindly devoted to one line and one leader part of it. Unfortunately, the mob became the driving force behind the national movement. At a time when old structures crumble, the mob needs a leader, a *vozhd*. Generally speaking, *vozhdism* is one of those factors indicating that the people have become a mob."

"At governmental rallies acclaiming Gamsakhurdia, many looked on silently," Mikhail Naneshvili opines. "However, back home the housewife believed that she had been part of history by screaming out her feelings there."

One has the impression that Gamsakhurdia had detected what the mob would fall for.

"Curiously enough, Gamsakhurdia sought to resolve all issues at rallies," Irakli Shengelaya, Chairman of the Christian Democratic Alliance, remarks. "Actually, he didn't resolve anything there, but people thought problems were being settled and that they themselves were taking part. You must realize that for people accustomed to thinking that nothing depended on them that was sheer bliss, a token of democracy. Everything the system had drummed in over the decades manifested itself at the very moment this system crumbled, and that this befell Georgia was regretful. In every country one finds parties peddling racism, chauvinism and Nazism, but when these things become a state policy, that is horrible."

However, most nowadays are inclined to think that at the helm in Georgia was no chauvinist or Nazist, but a man of unbalanced mind. Tbilisi folk relate the following story, according to which at a parliamentary session – whether this is true or not I cannot say – Gamsakhurdia in a fit of anger shouted at Nodar Natadze, the Popular Front leader:

"I suggest you go to a psychiatrist, if you can't grasp what's happening!"

To which Natadze calmly retorted:

"Very well, I'll do that, but I won't apply to your psychiatrist, as he doesn't seem to be producing any results."

Labelling the intellectual

Some six months ago, the confrontation in Rustaveli Prospect outside Government House culminated in an armed uprising that deposed the majority-elected president. Nevertheless, rallies at which people gave voice to their discontent with the Gamsakhurdia administration were not that common. During those days in December, many in Tbilisi stayed away from the barricades forming an opinion of what was going on from the flashes in the sky. It is claimed that during the fighting a wire was stretched across Rustaveli Prospect to keep onlookers out of crossfire. Meanwhile politically minded Georgian males stood behind the wire smoking and arguing as to which would be the best firing position and what was being done wrongly. There may well be an explanation for that. Gamsakhurdia appealed to the population on television so many times to come to his support, to the rallies in September, the hunger strikers in October, and the protesting in November that people were simply sick and tired of it all. They had elected a president for him to defend them, not vice versa. The response felt to political action, the more so armed action, was apathetic. Now people wonder how come "Georgians fired on their brothers."

Charter-91 leader Tedo Paatashvili believes people did not side with the opposition also because the way in which the struggle was waged against Zviad fully measured up to his policy. After all, not everyone would bother to put up barbed wire entanglements or squat down in a tent for a hunger strike. Arguments often followed the „You're an idiot too" principle.

One is amazed how Gamsakhurdia managed to strike at the most painful spots, and also how easy it was to scare literally everyone.

Indeed, whenever at the general elections or the presidential hustings anyone came out against Gamsakhurdia, he, as Round Table leader and subsequently president, spouted out such character-slaying epithets as "an enemy of the Georgian people," "an agent of the Kremlin" and "the hand of Moscow." These tags took effect especially on the intellectual, as it was one thing to be counted an anti-Sovieteer and quite another to be damned as a traitor to the nation.

Naneshvili presented as illustration the case of that outstanding Georgian philosopher Merab Mamardashvili, who died of a heart attack, though he had surprised all by outwardly so calmly reacting to everything going on.

An atypical Georgian?

Nevertheless, some nostalgia for Zviad's times is still felt, especially by those lifelong fighters for Georgia's independence. They recall not the president, but those bright times when they had elected the first ever multiparty parliament. For many the adventurous spirit has gone now that Gamsakhurdia is no longer president. Nowadays they have nobody to fight. On the contrary, what they must do is to roll up their sleeves and work to extricate the country from the crisis. Most likely Gamsakhurdia graphically demonstrated this aspect of the Soviet opposition movement when anti-Soviet and anti-communist groups, so used to fighting the system which they seek to demolish, continue to destroy what is now their own state after they finally take over, blind to the change.

The adventure and tragedy of struggle is indeed drowned out by the anti-zviadism and general apathy. Thus, on April 8, at the graveside of Merab Kostava, leader of Georgia's national liberation movement who tragically perished one year before the October 1990 general election, hardly any flowers were to be seen. Nor was the April 9 procession, marking the third anniversary of the 1989 tragedy massive. While earlier, on March 31, few recalled this as not only the ex-president's birthday, but also as an anniversary of the Georgian independence referendum. With the Georgians, feelings always come first.

Incidentally, the fact that Gamsakhurdia is unfeeling caused Georgi Chanturia, Chairman of Georgia's National Democratic Party, to note that he was no typical Georgian.

"He has no love of feasting and gaiety," this man who had been Gamsakhurdia's companion in the struggle until 1990, says, "He is withdrawn, reserved, eternally suspicious and sees plots and provocations everywhere. His tragedy is that he wanted to become a dictator but hadn't the guts for it. However, he was so popular that had he made but 99 mistakes out of 100, he would have survived. His trouble was that he made the full hundred mistakes."

In Georgia nowadays there is a craving to revive the traditional image of the Georgian as a lively, communicative, hospitable lover of fine wine and food. Which may be responsible for all that talk about a monarchist restoration soon after Gamsakhurdia's overthrow. In fact, Chanturia even went off to Spain to see one of the claimants. But when I asked him, as leader of the National Democratic Party, why he had done that, he gave the surprising reply:

"I went there to bring back a beautiful concept. In what does Germany differ from the UK as concerns democracy and respect for human rights? Simply the throne is something beautiful and Georgians adore what is beautiful."

Tbilisi folk remember Gamsakhurdia for his fondness for flowers. Indeed, in summer roses blossomed wherever there was a free patch of ground. Surely, one reason for nostalgia?

Irina Lagunina,
NT special correspondent

The IMF magic

Will it work in the CIS?

The International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (WB) have opened up what seems to be a gate leading to a "market paradise" for Russia and other countries of the former "socialist" empire. However, even optimistic expert forecasts don't promise us anything resembling a new Garden of Eden.

Desirable

The amount of credits attainable with acceptance to the IMF and the WB is imposing.

The CIS countries can receive an overall loan of 100 billion US dollars within the four coming years, about a half of the sum going to Russia. The bulk of the sum, 25-30 billion US dollars, will be loaned by the IMF and the WB, which also promise to promote other credits. As a result of the factual bankruptcy of the USSR Vnesheconombank, failure to pay debts due to a large number of foreign companies, and other mishaps involving hard-currency payments or otherwise, the reputation of the former USSR has sunk abysmally, and today's Russia can't expect credits without guarantees from the IMF and the WB.

The International Monetary Fund is financially and organizationally involved in issuing a package of large-scale aid for Russia offered by George Bush and Helmut Kohl this early April – the 24 billion US dollars promised to be delivered even in the current year.

The Great Seven have opted to hide themselves from possible inconveniences behind the "broad shoulder" of the IMF. Western countries quite reasonably think that to demand a most radical reform from Russia and other unpredictable new independent republics and to exercise a tough control over their activities is complicated and might involve excessive political risk. But the IMF has had the past experience of being treated as a scapegoat. It is important for the US administration and governments of other countries that the Fund is financed from quotas of member countries, which allows to avoid a tantalizing procedure of procuring an agreement from legislators for dipping into the state coffers for the loans. Washington is also happy about the fact that the aid is proportional to the contribution to the Fund, which never exceeds one-fifth.

It seems that the Russian government wants to capitalize on the authoritative opinion of the world's two top influential financial organizations: "If you want the dollar aid, you must endure the harshness of the reform."

The present dash towards the market is petering out into merely marking time. The programmes offered by the IMF and the WB will spur Russia into another dash (the actual results are a different matter). This spur is just what the Russian government wants now. This road was blazed by Mikhail Gorbachev in his time: pressure from the West helps along the political reform.

Affiliation with the world's two most important economic organizations marks a watershed in the economic and political history of the states which have emerged from the USSR. The experience of the European Conference and UN practice proves that mere involvement in world politics is not a great achievement in itself. It is much more difficult to become part of the world's economy – particularly for the CIS republics with their seven-decades-long experience of totalitarian economic mismanagement.

Today the door is open. What Gorbachev attempted, but failed to reach during the memorable G7 London meeting has been achieved.

According to the US Treasury Secretary Nicholas Brady, the CIS republics "can take justifiable pride in passing this historic milestone on the road from central planning economy to market-based economic systems."

...but possibly unattainable

In the past, the USSR national news broadcasters used to gloat over footages showing mass disturbances abroad, which involved looting of shops and offices, touched off by introduction of reforms recommended by the IMF. True, the violent protests were mainly against the price hikes, and Russia is mostly over that hill.

However, the price of fulfilment of the IMF's demands is going to be high, perhaps almost too high.

Shortly before the official acceptance of the ex-Soviet republics into the IMF and the WB, the West's leading financial Great Ten nations (actually consisting of 11 members) voiced their support for the Bush-Kohl initiative to earmark 6 billion US dollars as the Ruble Stabilization Fund. This and other loans for Russia are tied in on implementation of a specific stabilization-oriented programme in this country.

The programme (as well as recommendations by the IMF) includes, in particular,

Yegor Gaidar and James Baker deciding the fate of Russia

ITAR-TASS photo

reducing the state budget deficit, decrease of money supply, cut on credits and total abstaining from crediting economically inefficient enterprises. The latter will mean closing down many bankrupt plants entailing huge unemployment. The IMF policy rules out the use of artificial means to keep afloat enterprises which operate at a loss. But meshing the home fuel prices in with the world market's (recommended by the IMF) would bleed to financial death even some so far perfectly viable enterprises.

In the USA, many people disbelieve the IMF's ability to work magic and bring about economic stabilization.

"The IMF in many ways is like a medieval doctor who no matter what the ailment you apply leeches and bleed the patient," said John Cavanagh, expert on problems of developing countries, in an interview for *The New York Times*."My experience is that they are very successful in steering countries' resources toward paying debts to commercial banks, but they are disastrous in terms of the long-term economic health of these countries."

Alan Reynolds criticizes the IMF from a different position and says that it uses "a form of central planning – with high taxes, high tariffs and weak currencies – that hasn't worked in promoting growth."

However, the IMF Managing Director, Michel Camdessus, believes that Russia and other CIS republics simply have nor way from the economic impasse other than via the "shock treatment" proposed by the Fund: "If one wants to go fast, it's more painful. But if one goes slowly one just prolongs the pain and that's no good for everyone." He warns about the possibility of a dictatorial regime, more decades of suffering for the people in Russia and recurrence of the cold war if the West fails to drag the ex-USSR from the mire.

At present, IMF programmes are effected in over 50 countries. The assessments of their effectiveness vary greatly. M. Camdessus himself believes that the real success has been scored only by countries which were following IMF recommendations to the letter. Some didn't and punished themselves.

All eggs in one basket

Smooth-faced Russian Premier Yegor Gaidar addressed the recent numerous meetings in Washington now with the passion of a religious preacher and now with the resignation of a philosopher, explaining the Russian government's strategy of "farthest-reaching and most radical ever reforms." He said that "Russia had no other choice but put all eggs in the same basket" (which includes, I believe, hopes pinned on Western help).

Unfortunately, America has more pessimists than optimists about the prospects before the Russian economy. Many US business people and financial experts are rather critical about the effect of the "shock treatment" on the economic diseases, and favour a gradual transition to a market economy. Many others believe in keeping Russia economically afloat by injections of humanitarian aid and leaving the country to its own designs otherwise.

Fortunately, the White House has made its choice and come forward with a package of large-scale aid measures. That decision was helped through by an unexpected turn in the presidential election campaign. Democratic candidate Bill Clinton and ex-President (Republican) Richard Nixon criticized the current administration's overcautious approach towards the issue of aid for Russia. The aid package for Russia perfectly fitted in the campaign as a confirmation of Bush's "strong leadership." Political "prophets" forecasting American electorate's allergic reaction to any kind of help to foreign countries have proved to be "false."

Nevertheless, the problem remains, and the need to increase the US IMF quota by 12 billion US dollars is one concrete repercussion related to Russia. Without the US Congress' consent, the increase of the Fund's capital by 60 billion US dollars and the whole plan for financial support for the ruble and the Russian reform are in the limbo.

Indeed, it is risky to put all the eggs in one basket.

Western aid to CIS: where is it needed most?
Drawing from Baltimore Sun (USA)

How much of a leash will Russia be allowed?

A tide of regret about the loss of grandness of the former great power is high in this country today: holy Rus is courting another foreign enslavement for the first time since the Mongolian yoke centuries ago. The remedy prescribed by the IMF is bitter and therefore easy to criticize. The IMF recommendations are going to become a subject of fierce political controversy and speculations in Russia.

From the American angle, the most critical thing for Russia and other CIS republics today is to keep steady on the progress into the "purgatory" and leave the ideological dialogue about the limits of economic purity to academic forums.

Despite the rigid attitude of the approach shown by the G7 and the IMF, they can be bargained with about the conditions attached to loans, which is attested to by many countries' experience. M. Camdessus himself admits the importance of creating a social safety net during radical reforms. A concrete programme for Russia is expected to be finalized in negotiations with the IMF by June or July of this year. Until then it is possible and necessary to bargain. But once the jointly developed programme is endorsed and put into operation, any failure on the part of the target country to comply with its commitments in any aspect will entail stopping further credits.

The IMF is prepared to loan the CIS 2.5 billion US dollars (half of the sum going for Russia into the $6 billion Ruble Stabilization Fund) already this year. The WB will give Russia a 500-million credit for purchase of staple commodities, including spare parts to keep the industries going, from abroad. Before the year is out, Russia will receive at least another 500-million loan to pay for development of its oil and gas industry and agriculture.

Yevgeny Rusakov,
New Times correspondent
NEW YORK

DOSSIER

HOW A FOREIGN COMPANY SHOULD GO ABOUT OPENING ITS REPRESENTATIVE OFFICE IN RUSSIA

The first essential documents:

A foreign company shall obtain permission from the Russian government through the Russian Federation's Ministry for Foreign Economic Ties in order to open a representative office in the Russian Federation.

To this end, a foreign company shall submit an application in writing to the Russian Federation's Protocol Service Department, specifying:

– the objective sought by the foreign company in opening its representative office;

– a description of the operations of the foreign company and a detailed account of its business ties with Russian organizations, including concluded agreements and contracts (specifying their subjects, amounts of money and operation timetables), which are expected to be promoted by the representative office, and prospects for the development of cooperation.

Attached to the application shall be:

1. The charter of the foreign company;

2. An excerpt from its trade register, or if it is a bank, an excerpt from its banking register, or a document confirming authorization to engage in banking operations, etc.;

3. A copy of a permit, if a special permission of state agencies for opening a representative office, is required by law of the country of location of the foreign company;

4. Banking references.

All these documents shall appear in certified copies notarized in due order by CIS consular agencies abroad, accompanied by Russian translations (inclusive of application).

In addition to the above information and documents, the Russian Federation's Ministry for Foreign Economic Ties may request additional information concerning the operations of the foreign company. The standard practice is that recommendation is required from two Russian enterprises that have already had business contacts with the applicant foreign company.

The foreign company's agent who negotiates on his own behalf the opening of a representative office in the Russian Federation shall submit a duly-formalized power of attorney to the Russian Ministry for Foreign Economic Ties Protocol Service Department.

* Permit to open a representative office

Priority in receiving permits to open representative offices belongs to companies that are well known in their country and on the world market, have maintained a good reputation as partners of Russian organizations, have transacted large commercial deals with Russian organizations, have engaged in a large volume of trade with them, have conducted industrial cooperation with Russian enterprises, or have signed with them important agreements on scientific, technological and other forms of cooperation.

The Russian Federation's Ministry for Foreign Economic Ties also gives preferential treatment to chambers of commerce, associations, and unions of entrepreneurs that are interested in developing trade and economic ties with Russia.

There are no definite timetables concerning a foreign company's application to be allowed to open a representative office. In practice, the process occupies from two months to a year, depending on the situation and activity of the applicant company and its Russian partners.

If an application to open a representative office is granted, the Russian Ministry for Foreign Economic Ties grants a permit, in accordance with a set form, to a foreign company. The permit specifies:

– the objective in opening the representative office;

– the conditions under which the foreign company is allowed to open the representative office;

– the permit's validity period;

– the number of foreign staffers to be employed at the representative office.

The representative office of a company is regarded as open from the date on which such a permit is issued.

The company pays a fee of around $400 for the issue of a permit to open a representative office (as of now, the size of the fee has not yet been set down by law).

Several foreign companies may open one joint representative office. With consent of the Russian Federation's Ministry for Foreign Economic Ties, a foreign company's representative office may represent the interests of other companies in Russia.

MOSCOW BUSINESS WEEK

* Responsibilities of head of a representative office

The head of a representative office shall operate on the basis of a duly-formalized power of attorney from the foreign company.

The head of a foreign company's representative office shall be obliged to make known to

DOSSIER

the Russian Federation's Ministry for Foreign Economic Ties the size of the staff of the representative office and any changes thereof, as well as to submit a biannual account of the operations of the representative office, in accordance with a form set by the Ministry for Foreign Economic Ties of the Russian Federation.

* Taxes, fines, complaints

Within a month of reception of a permit to open a representative office, companies should register with the appropriate tax body. In Moscow, this is the State Tax Inspectorate of the city of Moscow's department for taxation of foreign juridical and physical persons.

The profits of a foreign company gained from economic activities in Russia conducted via its representative office shall be subject to taxation in the Russian Federation. The basic tax rate is 32 percent.

A foreign company operating in the Russian Federation via its representative office shall submit, not later than April 15 of the year following the accounting year, a report on its activities in Russia to the tax body of the administrative division with which it is registered, as well as an income declaration approved by a Russian auditing agency.

A foreign company operating in Russia via its representative office shall be subject to a fine of ten percent of the amount of taxes to be paid to the budget for failure to record its profits, and also for failure to present or to present in due time to the tax bodies records and other documents required for the calculation and payment of taxes.

Should it be established that the payer failed to declare (underdeclared) his profits, the entire amount of undeclared (underdeclared) profits shall be exacted, as well as a fine equal to the amount; and, in case of a repeat violation, a fine of double the size.

If tax payment arrears are exacted at a time when arrears to the budget exist, a penalty of 0.2 percent of the amount of the arrears for each day of non-payment (including the day on which the payment is made) shall be exacted.

Complaints against the actions of tax officers are lodged with the body to which they are directly subordinate. Complaints are considered, and decisions regarding them are made within 60 days from the date of the receipt of a complaint. A decision may be applied to a higher-level tax body within a month's time. The lodging of a complaint does not suspend the exacting of taxes and financial sanctions. The body considering a complaint is authorized to suspend the exaction of the due amount of tax pending the decision in regards to the complaint.

Personal incomes of foreign citizens employed at a foreign company's representative office shall be subject to declaration and taxation. However, if a foreign citizen spends more than 183 days a year in Russia, his income is not subject to double taxation. Taxes can be paid in rubles or hard currency, in accordance with the taxpayer's wishes. A hard currency income is calculated in rubles using a special exchange rate: $1 per 10 rubles. The tax rate on an annual income in excess of 420,000 rubles is: 144,540 rubles + 60 percent of the amount in excess of 420,000 rubles.

* Servicing foreign companies in Russia. Local staff

In Moscow, the provision of foreign companies with premises, utilities, etc., is the official responsibility of the Chief Production Commercial Department for the Servicing of the Diplomatic Corps of the Russian Foreign Ministry. In other cities, these services are the responsibility of the corresponding structures of local authorities. A number of non-state organizations of similar nature have come into being of late.

Nowadays, representatives of foreign companies may hire local staff themselves, without obligation, as was the case earlier, to use the services of Russian agencies, for example, the Department for the Servicing of the Diplomatic Corps. Russian employees can officially draw their wages in rubles only. It is unofficially reported, however, that the Russian government is considering a document that will allow representative offices of foreign companies to pay part of the wages of Russian employees in hard currency. In this case, the part of the wages a Russian staffer draws in hard currency shall be transferred to the hard currency account of the staffer opened at any Russian bank authorized to conduct operations with foreign currencies. The payment of cash and its transfer to an account in a foreign country would be in violation of the legislation in force, although in actual practice both are widespread.

It is worth noting that this is a de facto procedure for the opening of a foreign company's representative office in the Russian Federation, and it has not yet been legally formalized. It is quite possible that this procedure will undergo changes. Legislation covering the legal status of representative offices of foreign companies in Russia is often conflicting and leaves many questions unanswered.

Frequent changes to it are quite probable. Therefore, when a foreign company opens its representative office in Russia, it is expedient to ask local lawyers for help.

Footnote:

The Protocol Service Department of the Russian Federation's Ministry for Foreign Economic Ties is located at: 32/34 Smolenskaya-Sennaya Square, Moscow; telephone: (095) 244-26-23.

State Tax Inspectorate of the city of Moscow: 13 Ilyinka Street.

Department for Taxation of Foreign Juridical and Physical Persons: telephone: (095) 206-67-57.

Head Office of Department for the Servicing of the Diplomatic Corps: 20 Prechistenka Street, Moscow; telephone: (095) 201-23-26.

MOSCOW BUSINESS WEEK

DOSSIER

AGREEMENT BETWEEN THE GOVERNMENT OF THE RUSSIAN FEDERATION AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA ON THE PROMOTION OF INVESTMENTS (DRAFT)

The government of the Russian Federation ruled on March 31 to approve the draft of the Agreement Between the government of the Russian Federation and the Government of the United States of America On the Promotion of Investments. It was presented by the Committee on Foreign Investments under the Ministry of Finance of the Russian Federation and the Ministry of Foreign Affairs of the Russian Federation, and had previously received the approval of the government of the United States of America.

V.P.Lukin, the Russian Federation's Ambassador Extraordinary and Plenipotentiary to the United States of America, is hereby empowered to sign the above-mentioned Agreement on behalf of the government of the Russian Federation.

APPROVED
by the resolution of the government of the Russian Federation
No. 20 March 31, 1992.

Agreement
Between the Government of the Russian Federation
and the Government of the United States of America
on the Promotion of Investments

The government of the Russian Federation and the government of the United States of America,

– confirming their common desire to foster economic activity in the Russian Federation, which stimulates the development of its economic resources and industrial potential,

– recognizing that the accomplishment of this task can be promoted by the insurance (including reinsurance) of investments and investment-related loans and guarantees ensured either in whole or in part by the government of the United States of America, and extended by the Overseas Private Investment Corporation (OPIC) – an agency of the government of the United States of America, have reached agreement on the following:

Article 1

For the purposes of the present Agreement the term "guarantees" shall apply to any kind of insurance of investments, reinsurance of reinvestments, or guarantees provided in connection with investments effected by an investor in projects within the territory of the Russian Federation, and the term "issuer" shall apply to the OPIC, any agency of the government of the United States of America that may be appointed as the legitimate successor to the OPIC, representatives of the OPIC, or any such agency.

Article 2

(a) (1) Should an issuer make a payment to any party to which guarantees have been provided, the government of the Russian Federation shall, taking due account of the provisions set out in Article 3 of the present Agreement, duly recognize the transfer to the issuer in connection with this payment of assets, including assets in the form of investments, as well as cash or title to cash, and shall also duly recognize the issuer's legitimate succession to any rights, including property rights, the right to present claims, preferential rights, and the right to go to court over issues that have already arisen or might arise in connection with the above transactions.

(2) Should an issuer, in the exercise of its rights as creditor, acquire any such assets, or become the legitimate successor to any rights, including property rights, the right to present claims, preferential rights, and the right to sue, the government of the Russian Federation shall, taking due account of the provisions set out in Article 3 of the present Agreement, duly recognize any such acquisition of legitimate succession.

(b) The issuer shall not lay claim to rights greater than those possessed by the party which ceded them to the issuer in accordance with paragraph (a) of the present article.

(c) In the case of a non-profit agency of the government of the United States of America serving as the issuer, it shall not be subject to legislation of the Russian Federation applied to for-profit organizations engaged in insurance and financial activities.

(d) Interest or commissions on loans extended or guaranteed by issuers shall be exempted from taxation in the Russian Federation. Issuers shall be exempted from taxation in the Russian Federation with respect to any transfer, legitimate succession, and any other type of acquisition provided for in paragraph (a) of the present article. In all other cases, the taxation of operations undertaken by an issuer in the Russian Federation shall be in accordance with the existing legislation of the Russian Federation or special agreement between the government of the Russian Federation and the government of the United States of America.

MOSCOW BUSINESS WEEK

DOSSIER

Article 3

Should the transfer, legitimate succession, or any other type of acquisition by the issuer of any assets or titles to assets on the territory of the Russian Federation be in part or in full invalid or prohibited by the legislation of the Russian Federation, the government of the Russian Federation shall permit the issuer to take appropriate measures to ensure the transfer of the assets or title to the assets to a legal entity or individual permitted to possess such assets or titles to such assets, according to the legislation of the Russian Federation.

Article 4

(a) Funds denominated in the currency of the Russian Federation, including rights to such funds, which are acquired by an issuer in connection with a payment to a party to which guarantees have been provided, shall enjoy special treatment with respect to their use and conversion into foreign exchange on the territory of the Russian Federation, which shall be at least as favourable as the treatment that would have been accorded to such funds, had they remained in the possession of the party to which guarantees had been granted.

(b) Such funds and rights may be ceded by the issuer to any legal entity or individual, and shall henceforth be freely available for use by this legal entity or individual on the territory of the Russian Federation in accordance with its legislation.

(c) The provisions of the present article shall also apply to any such funds denominated in the currency of the Russian Federation, as well as to any such rights to these funds as may be transferred to the issuer in order to discharge obligations arising from loans extended by the issuer for projects in the Russian Federation.

Article 5

(a) Any disputes between the government of the Russian Federation and the government of the United States of America which relate to the interpretation of the present Agreement, or which involve, in the view of either government, an issue of international law arising from any project or activity for which guarantees have been provided, shall, insofar as possible, be settled through negotiations between the two governments. Should the two governments, upon expiration of six months from the date of presentation of a request to hold negotiations, fail to arrive at a negotiated settlement of the dispute, the dispute, including the question of whether the dispute involves an issue of international law, shall, at the initiative of either government, be referred to a court of arbitration to be resolved in accordance with paragraph (b) of the present article.

(b) The court of arbitration mentioned in paragraph (a) of the present article shall be formed and shall operate according to the following procedure.

(1) Each government shall appoint one arbiter, and the two arbiters shall, by mutual consent, choose the president of the court, who shall be a citizen of a third state, and whose appointment shall be approved by the two governments. The arbiters shall be appointed within three months, and the president of the court – within six months of the date of receipt of the request of either government to refer the dispute to a court of arbitration. Should the appointments fail to be made within the above-mentioned time limits, either government may, in the absence of an agreement to the opposite effect, request the Secretary General of the Permanent Court of Arbitration to make the necessary appointment or appointments, and both governments shall concur in this appointment or these appointments.

(2) The court of arbitration shall proceed in its judgment from applicable principles and norms of international law. The court of arbitration shall make decisions by a majority of votes. Its verdict shall be final and have binding force.

(3) Over the course of hearings in the court of arbitration, each of the two governments shall defray the expenses arising from the activities of its arbiter and his involvement in judicial proceedings, whereas the expenses associated with the activities of the president of the court of arbitration, as well as other expenses of the court of arbitration, shall be defrayed in equal shares by both governments. The court of arbitration may, at its discretion, alter the distribution of expenses between the two governments.

(4) The court of arbitration shall define its own rules for procedure with respect to all other matters.

(c) Nothing in the present Agreement shall be construed as a limitation of the right of the government of the United States of America, as a legally capable sovereign, to set forth requirements in accordance with international law with respect to rights which are distinct from any of those of the issuer.

Article 6

Both governments, in the spirit of reciprocity, agree that, should the government of the Russian Federation take steps aimed at extending guarantees or loans for projects in the United States of America under a programme similar in content to the programme for promotion of investments to which the present Agreement refers, provisions similar to those set forth in the present Agreement shall apply to such measures undertaken by the government of the Russian Federation, after the two governments have complied with constitutional or other legal procedures necessary for approval of these provisions.

Article 7

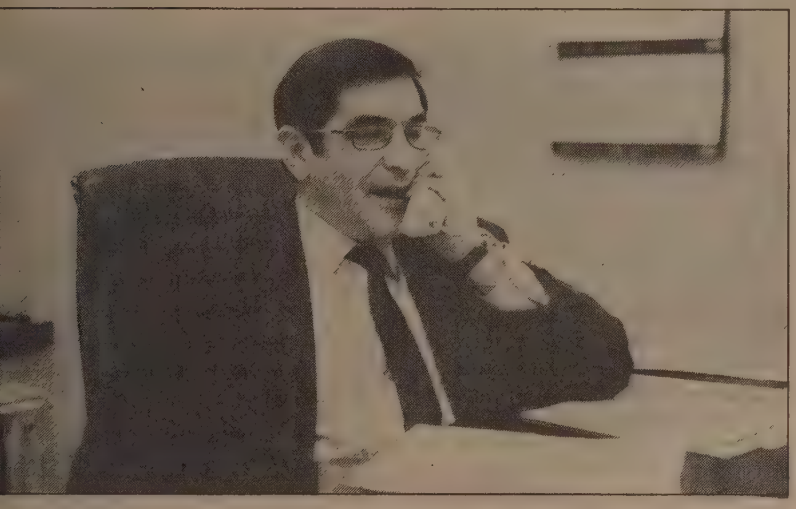
The present Agreement shall remain effective until the expiration of twelve months from the date of written notification by one government of the other government concerning the abrogation of the force of the present Agreement. With respect to guarantees or loans extended at any time while the present Agreement remains in force, the provisions of the present Agreement shall remain in force with respect to such guarantees or loans for twenty years from the date of abrogation of the force of the present Agreement.

The present Agreement shall take force on the date when the government of the Russian Federation notifies the government of the United States of America of compliance with all the legal requirements necessary for the present Agreement to be brought into force.

Executed in 1992 in two copies, in both the Russian and English languages, and both copies having equal force.

MOSCOW BUSINESS WEEK

On the dollar barometer – variable



The formation of a currency market in Russia is a grinding process, but the effort has already yielded some result

Vice-President and Chief Manager of the Moscow International Bank **Yury KONDRATYUK** is concurrently heading the Board of Moscow Interbank Currency Exchange, MICE, the only one of its kind in Russia so far. Kondratyuk's unique position in the country's financial world gives him a unique opportunity to see the situation of Russia's hard-currency market in great detail and precision.

Would you describe the situation of that market and the role of the Exchange?

The very existence of the hard-currency market on the Exchange is indicative of the progress of the economic reform in the country. This market today is effective as a barometer though it is rather limited in scope. It is open only to local legal persons who can accept the existing ruble-dollar exchange rate, viz., about 150 rubles to one dollar. Practically it is only consumer goods providers who find it profitable to deal with hard currency under such conditions. There are almost no producers among them however. The Exchange itself was founded this January 9, as an independent joint-stock company. Among its promoters – Central Bank of Russia, Association of Russian Banks, 33 individual commercial banks, and the Moscow local government. The Exchange is the successor of the Hard-Currency Exchange of the now defunkt USSR State Bank. The main difference is this: the Central Bank administration doesn't interfere with hard-currency operations of the new Exchange and doesn't dictate its will on the Exchange. At the same time, the Bank has a right (and this echoes the accepted Western practice) to control the bids and offers to contain stock-jobbing. Importantly, our Exchange is not a monopoly holder. In fact, it is only one section of the currency market, one of several places where the sellers and buyers of hard currency meet for transactions. From operations in the Exchange, one of the ruble exchange rates emerges, but we don't impose this rate on anyone.

We regard it as an indicator and reference point. If a client of a bank finds this rate acceptable, he or she can request from the bank to purchase or sale a certain amount of hard currency at the Exchange. Banks are allowed to operate in hard currency outside the Exchange as well, and they do it at a rate of 30 million dollars a week. Certain commercial banks also operate in hard currency on the cash market. Private persons and foreign clients who are not allowed to operate on the Exchange themselves do it by proxy of commercial banks. There's also the hard-currency black market with unknown precise volume of operation. The difference of exchange rates for sale and purchase of hard currency on those markets can be rather large. However, the rate developed at the Exchange is regarded as pivotal. Consequently, the Exchange is introducing an element of "civilized market" into hard-currency dealings in this country.

Apart from the Exchange's rate there are other rates in this country, including an "investment rate" which, however, is still in the making. Can they be unified sensibly? After all, the crazy rates give the monthly wage here as 3-7 US dollars, and Gorbachev's monthly pension is an equivalent of 40 dollars.

The economy indeed needs some unified exchange rate. However, multiple exchange rates in the country have been known before in international practice. In my opinion, this situation is indicative of the beginning of the market economy.

There are almost 2,000 commercial banks in this country now. The majority of them don't have proper premises, equipment or sufficiently qualified staff. At the same time, the reorganization of the Vneshtorgbank resulted in shedding 40,000 clients who simply cannot receive banking services now, because they are not offered by other banks. Our bank is large, but even so we can service only a very limited number of clients without detrimenting the quality of our service. We have to say no even to very important potential clients. Hence low volumes of currency circulation and difficulties with crediting foreign-trade operations.

What is your assessment of the situation with foreign investments?

Under the current taxation policy serious investors aren't in a hurry to invest in the Russian economy. They are discouraged by the lack of consistency in the actions of this

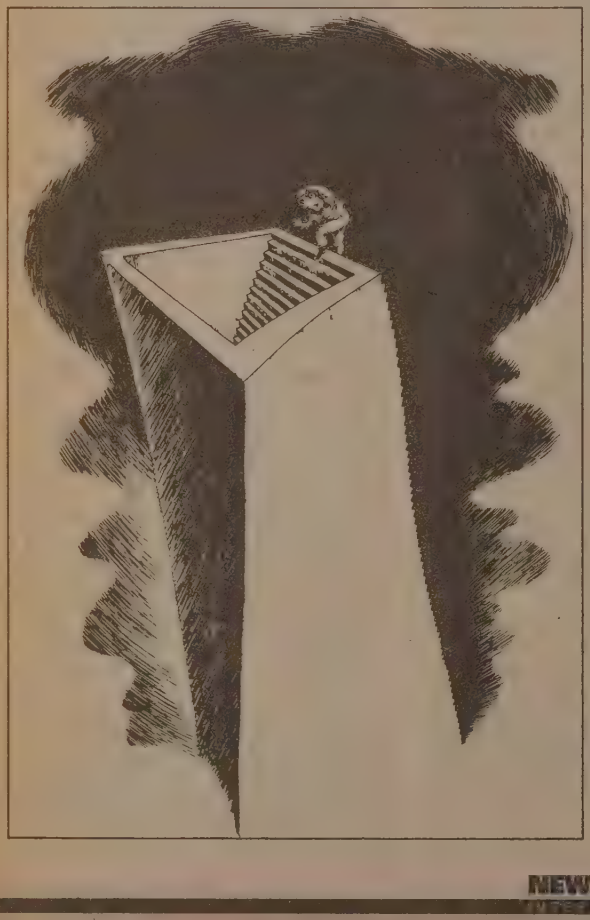
country's government. The government has withdrawn all tax exemption plans and preferential taxation status for joint ventures. Mr Lazarev, head of the Russian taxation service, recently announced a new 60-percent tax on wages and salaries of foreigners employed in Russia. The impression is that the government for the time being prefers to use the stick more often than the carrot for motivation. This also concerns hard-currency profits of Russian exporters. Confiscationist taxation results in escape of capital abroad where, on our assessment, there are now as many as 25 billion Russian-owned dollars. The government has been trying to track the money down, but I don't believe it will succeed. But wouldn't it be easier to create a benign taxation climate attractive for hard-currency owners inside the country. In fact, Russia itself "scares away" dollars which could be very handy in stabilization of the home currency, the ruble. It is necessary to restore trust in the ruble, if we are after prevention of "dollarization" of the home economy.

But it is because of hard-currency intervention equalling a half or a third of the market that they begrudge the Central Bank today at a time when the Vneshekonombank has no longer been operating its hard-currency accounts.

In this case we are to speak about resources of organizations which are independent from each other. Hard currency interventions are necessary because they keep the ruble above the critical low.

What is the influence of the political life in the country on operations of your Exchange, if any? Can the operators in the market bull or bear here?

The Exchange is reacting to the political developments in a most traditional way. Rumours about possible fall of the current government and dumping of the reform immediately pushed up the dollar here. Uncertainty in the future of private business among the producers and traders has perceptibly stimulated the demand for dollars. The same is true about the effect of explicitness or otherwise on the part of the government in regard to its price policy. Predictability of policy is a major factor influencing stability of the ruble. The bidding and offering at the Exchange itself hasn't so far been influencing the rate of the currency perceptibly.



What is your opinion of the Western financial aid and the possibility of turning the ruble into a freely-convertible currency, with the help of the stabilization fund of six billion dollars?

I think that we will never have this money. In fact, Western financial institutions can agree to issue it only as an investment in specific projects and programmes and under a guarantee of repayment. But I haven't heard about the existence of such programmes yet.

In the current situation, it is hard to see how the stabilization fund can operate if it ever gets created. Neither can I foresee a convertible ruble in the future, because the basis of convertibility is property rights and free economic competition. A national currency becomes convertible when the products of the country become competitive on the world market. However, vast credits are needed for launching an industry capable of turning out internationally competitive goods. But I don't see how these credits can be guaranteed here. There's no property to guarantee it. Small-scale and medium enterprises with modern equipment could greatly contribute to the stabilization of the economy and the convertibility of the ruble. But such enterprises are on their last legs, and there's no mechanism for helping them out. I believe that Russia needs foreign help to get its economy going as was the case with Japan, South Korea and certain other countries. We mustn't just slouch on for centuries, picking up crumbs from a market economy. To be able to make a dash forward, we need normal private property guaranteed by law, which would build up the trust of investors and other business entrepreneurs in the state and its government. The government must make its choice and announce it: does it accept foreign investment or will we do without it? This decision will determine the country's legislation to be built.

Will the country's economy still need your Exchange once the ruble becomes perfectly stable?

The economy will always need it as an indicator of the hard-currency circulation dynamics. There are similar Exchanges in Germany, France, China, and other countries. We can't afford to be drawn in the dollar zone, like Panama, for example. The Russian ruble must restore its credibility. The task will require a huge effort to fulfill. I would welcome all industrial producers and farmers' associations operating on the world market become our clients.

* * *

Yury Kondratyuk graduated from the Moscow Financial Institute, interned at the Moscow Narodny Bank in Beirut, headed a department at the Banque Commercial pour l'Europe du Nord (Eurobank) and a directorate at the Vneshekonombank. He is one of the founders of the Moscow International Bank, of which five leading Western banks and three Russian banks are shareholders.

***Interviewed by* Nikolai Garkusha**

Drawing by V. Kazanevsky

Business on intuition

The Monti Moscow shops offer everything from exquisite attire to compact beer breweries. The US firm has won popularity with the public owing largely to its relatively low prices and variety of the goods which are offered. The two specialized stores and boutiques in major department stores have already attracted a constant clientele.

Le Monti has prepared for this year's spring in earnest. Women are offered many styles of clothing. The firm Nicole offers various footwear, custom-made for Le Monti. Conservative men will also find something to buy in Le Monti's boutiques. In addition to clothing, footwear and underwear, Le Monti sells VCRs, tape recorders, TV sets, washing machines and electronic household appliances.

In May, a guarantee and postguarantee repair shop will open to service electronics manufactured by practically all Western firms.

Le Monti's president, Leon Gandelman, shows an attitude contrary to that of a typical businessman. He believes that "in such an unstable environment, we have to take risks and act on intuition, which at this moment tells me that this country has great prospects for the development of our business. After the ruble becomes convertible, we will be able to sell our goods for rubles."

Jetro: a new point of departure

Jetro, a Japanese company for the promotion of trade, the joint-stock company Expocenter, and the Russian Union of Entrepreneurs and Businesspeople, came together to organize a Japanese trade and industry show. It operated on the premises of the Moscow-based Krasnaya Presnya exhibition complex. According to Jetro, Japan places high hopes on the show's potential to revive trade and economic relations with the CIS nations, especially Russia, the biggest Commonwealth country. A patron of the show was the Japanese Foreign Trade and Industry Ministry and the Foreign Ministry (they had described it as a new point of departure in cooperation) – an unmistakable sign that the Japanese mean business. The show enlisted 29 leading trading companies, 12 big industrial firms, and around 1,000 branches of scientific and technical enterprises.

The Russian Union of Entrepreneurs and Businesspeople believes that the show offered the first chance ever for Russian businesses and state agencies to conclude trade deals and sign contracts with Japanese partners without the mediation of ministry bureaucrats.

Copper as payment

Balkhashmed, a copper producer in the city of Balkhash, Kazakhstan, sent 3,000 tons of refined copper to Switzerland as an installment to repay a $100 mn. 7-year Swiss credit. The Kazakh company plans to repay the credit within 5 or 6 years.

Balkhashmed has a complete copper production cycle, that is, it both mines and smelts copper. Its product, refined copper with 99.99 copper content, has for several years served as a quality standard at the London Metal Exchange.

In recent years, Balkhashmed fell upon hard times. As the Kounrad copper field was exhausted, the stock of ore was only sufficient to allow the facility to operate for 2 to 3 months a year. After that, the republican government allowed the copper producer to try to attract foreign capital. Apart from Switzerland, agreements to cooperate came from Canada, the US, and Mongolian mining facilities. They will send 40,000 metric tons of copper concentrate to the Kazakh smelter this year.

12,000 km on wheelchairs

Many people remember the Moscow-Kiev-Krivoy Rog supermarathon of several disabled people who travelled on well-known Meyra wheelchairs. Meyra is now planning to join forces with a Moscow stock company to stage a 12,000 km, six-month wheelchair ride from Vladivostok to St. Petersburg.

Meyra of Germany is one of the world's leading producers of wheelchairs and other rehabilitation instruments. The company has branches in the USA, Holland, Norway, Czecho-Slovakia and Sweden. The company has a representative office in Moscow.

Meyra displayed its advanced products, including the Genius wheelchair, at an international show entitled Rehabilitation and Sports Medicine that took place in the Russian capital. The wheelchair is equipped with a computer that processes information and issues commands. It may be controlled automatically.

The company has signed several big contracts to ship an array of wheelchairs to Russia and other CIS states.

Nakhodka ventures into show-biz

The firm Nakhodka, set up in February 1991, has already attracted substantial public notice as a distributor of computers and other office equipment, as well as a commodities exchange. Now Nakhodka ventures into an entirely new area.

Posters were put up throughout Moscow announcing that the firm was planning to select girls for its own show.

The lobby of the firm's head office was packed full of hopefuls searching for a job with Nakhodka's show. Finally, about thirty candidates were selected.

The thirty girls, who were selected by a highly competent jury, including a professional ballet director, will be divided into two groups. One group, twelve strong, will be taught dancing and perform in variety shows, while the other will specialize in strip-tease.

Nakhodka's Director-General Sergei Kurochkin explained: "The girls will be trained in our school. In other institutions of this kind, girls have to pay about R 5,000 for their own training. But in our case, it is Nakhodka that will be paying them R 1,000 allowances. Nakhodka will act as an entrepreneur for the two groups. That is, we'll be seeking out organizations that need shows of this kind for their presentations."

A turn towards joint action

For the first time the chief of the Russian foreign intelligence service comes to an understanding with a former opponent about standards of "civilized intelligence activity"

The Lord ordered Moses to send several men "to spy out the land of Canaan" because he wanted to give it to the sons of Israel. Since then espionage has been an inalienable part of international relations. The Soviet Union was the leader in this sphere, if not in quality then in numbers. It seems the situation is changing radically now. Yevgeny Primakov, head of the civil part of the Russian foreign intelligence service (FIS), was invited by the Swedish premier to Stockholm to "clear up relations."

As a rule, intelligence service bosses travel incognito. But Primakov had the possibility openly to visit the government residence, the police headquarters, and the Foreign Ministry. Disquieted by the scale of Soviet espionage for a long time, the Swedish authorities decided to talk with Moscow not by declaring its agents *personae non grata,* but by almost forming a partnership. And the results were not long in coming.

"We note an appreciable reduction both in the personnel and activity of the FIS in Sweden," Carl Bildt stressed after his conversation with the Russian guest. However, he complained that the GRU (the Central Intelligence Directorate of the General Staff – military intelligence) continues its operations on the previous scale.

Yevgeny Primakov promised, in the future too, to follow "the standards of civilized intelligence activity," hinting they mean not only discontinuation of spying activity against Sweden, but also the desire to start cooperation between the special services of the two countries. There are grounds to believe that the FIS is already establishing such interaction with similar services in NATO countries and East European states. In the opinion of Stockholm, Moscow has adopted the line of departure from the former rigid division of intelligence services into potential antagonists ("if war begins tomorrow") and friends ("if only they harm the United States").

Paraphrasing a well-known aphorism, Primakov said that Russia does not have permanent enemies and friends and that even its national interests constitute a variable sum. In any case, he and his counterparts – Bjorn Eriksson, chief of the Royal Police, and Mats Borjesson, chief of the Security Police (counterintelligence) – agreed that Moscow and Stockholm are interested in joint efforts against the proliferation of weapons of mass destruction, international terrorism, the world narcobusiness, the contraband of conventional arms, illegal immigration, and the most dangerous forms of organized crime. Swedish police chiefs will soon come to Moscow for detailed talks though without an official invitation of the Russian premier.

Nevertheless, there was no "fraternization" in Stockholm, for, in the opinion of the Security Police, the preliminary condition for cooperation with Russia is "the cessation of all illegal activity of Russians in Sweden." In Moscow, the potential partners will evidently discuss how they understand this condition. The Russian side can also complain about the "excessive activity" of Swedish representatives in St.Petersburg and Moscow. Nevertheless, as I learned from mutually unrelated sources, the exchange of current intelligence information has been started. It refers first of all to "hotheads with the southern temperament." This can well be understood, for it is necessary to begin with joint actions against the most dangerous common enemies, gradually increasing mutual trust.

True, the incipient trust was seriously marred by a report from Finland on the arrest at the Helsinki airport of a Russian couple who posed as British and had personal luggage with a five-digit sum of US dollars and German marks. On the British passports of the failures who possibly work for one of Russia's intelligence services there were Swedish visas. This aroused an espionage syndrome in Stockholm. But Yevgeny Primakov hastened to assure the Swedes that his FIS had nothing to do with the travel of the dilettantes. He also shrugged off with a smile questions about the alleged flight of a GRU agent, Stig Berling, from a Swedish prison to Russia. "We do not want to see even Honecker in our country," he said. Primakov also made a helpless gesture when Stockholm's favourite subject, "submarine activity in Swedish skerries," was discussed. He said he had no information about the participation of the former USSR in this activity. Future cooperation with the Swedish counterintelligence will probably show whether the FIS has information about the participation of other countries in "submarine activity."

Thus, Moscow and Stockholm (for it has displayed the initiative) have demonstratively made the first step out from behind-the-scenes combat. Will they be able to cooperate? Stockholm has long cooperated with Washington (Carl Bildt recently met there with the CIA director), Bonn, Tel Aviv and other allies in the field of espionage and counterespionage. In the past, their cooperation was levelled against the USSR. In its turn, Moscow regarded Stockholm as a stooge in the anti-Soviet Western bloc.

A sharp turn has been outlined, with Primakov and Bildt steering their ships in the same direction. However, I am afraid, this does not suit all passengers. The danger of relapses into cold-war thinking has not yet passed. In Sweden, many people are opposed to a rapprochement with Moscow. Russia is not short of diehards either.

Drawing from the newspaper Swenska Dagbladet (Sweden)

Alexander Polyukhov,
New Times correspondent
STOCKHOLM

India's space programme snagged

Moscow changes its stand, only to foil Delhi's space programme

The Russian government has suspended the agreement concluded in January last year between the Glavkosmos (Central Board for Space Research) and the Indian Space Research Organization. Under the agreement, the Glavkosmos had to supply rocket cryogenic boosters (used for putting satellites into a geostationary orbit) and the technology for their manufacture. In the Indian parliament and the country as a whole, Moscow was not censured for this decision. Indians rather feel sorry for Moscow, understanding that it has to beg money from other countries and, in adopting foreign trade decisions, take account of attendant circumstances which it would have possibly ignored in the past.

Russian officials do not even try to conceal that the agreement was suspended on Washington's recommendation. They refer to Kozyrev's talks with Baker, who allegedly threatened that economic aid to Russia would be halted if the US interests were not taken into account. After that, reliable sources point out, the contract between the Glavkosmos and India was "hung up."

The Indian space research programme, which we helped in the past to the best of our ability and by no means gratis, can now be foiled. If Moscow does not change its stand radically, India's plans of developing a satellite communication system and carrying out many projects in the field of meteorology, agriculture and geology will be suspended. Russia will suffer too. The contract, under which India was to be supplied with starting systems, promised us a billion dollars.

Another powerful blow was dealt to Indian-Soviet relations, for the disruption of the agreement virtually means the blocking of a fundamentally new trend in bilateral economic ties.

One could understand Washington's concern for the need to exercise control over the proliferation of missile technology. The US pressure on Moscow is explained precisely by this circumstance. However, Delhi has officially declared its firm intention to use Russian missile technology for peaceful aims, in particular, for improving communication systems.

Besides, during the visit of U.R. Rao, chairman of the Indian Space Research Organization, to the United States in 1977, Americans themselves offered India assistance in the development of liquid cryogenic boosters. In 1986 and 1987, Pratt and Whitney representatives tried to persuade Delhi to conclude an appropriate agreement. Two years later, General Dynamics, also with the knowledge and consent of Washington, as well as France through the European Space Agency vied with the Soviet Glavkosmos for a contract with India.

Then India refused to cooperate with Washington and Paris for financial and political reasons and preferred to deal with the Soviet Union with which it had been linked for decades by close ties in the political, economic and defence spheres.

Some Indian political analysts believe that by insisting on the suspension of Russian-Indian space cooperation, the United States undertakes a major economic operation which is likely to damage Russia's scientific and industrial potential for a long time to come.

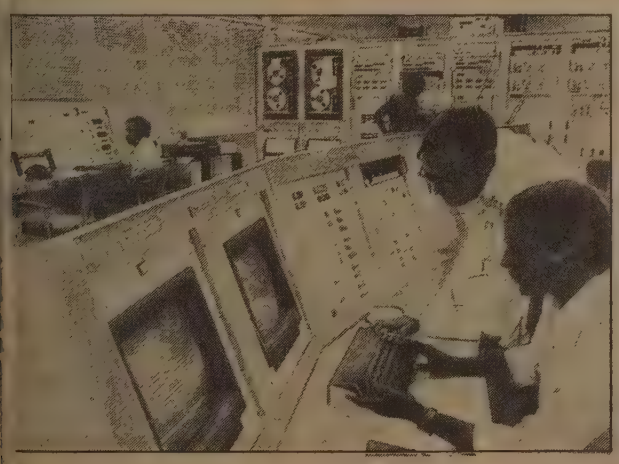
There is also a political aspect to the matter. All Indian parties condemned US interference in Indian-Russian relations, that is, Washington's attempts to play the part of an arbiter. During stormy debates, Indian parliamentarians did not even mention Russia in this context. In general, which happens rarely, all members of the parliament irrespective of their party affiliations, came out in a united front. Watching the debates in Delhi, I became convinced once again that friendship and cooperation between India and Russia still have deep roots here. Unfortunately, this cannot be said about Moscow. The story with the space contract has clearly revealed the indifference of the present Russian leadership.

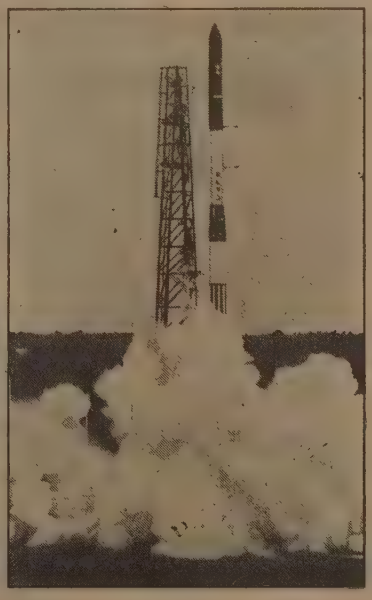
True, new talks were held in Moscow later. Their results were taken with reservations in Delhi. It is hoped that a final and mutually advantageous solution will be found after Gennady Burbulis' early May visit to India. This visit is regarded here as a long-awaited resumption of the dialogue with Russia on a high political level.

■

Sergei Irodov,
NT correspondent

India's space programme: will Burbulis give the go-ahead for the launching?





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Why swinishness is inexcusable

The lessons of Weimar Republic

"Professional patriots" of Russia. Scenes much like this were common in Germany of the thirties

Ever more parallels between today's Russia and the Weimar Republic are emerging. Most publicists, however, confine themselves, as a rule, to stating this similarity which is obvious to all those familiar with the history of 20th-century Germany. Instead, they ought to analyze the record of Weimar Germany in detail if only for the reason that we know only too well what that historical period ended in.

A rabbit waiting for a boa

Heaps of learned treatises have been written on the subject, a multitude of interpretations, including most exotic ones, has been given to the phenomenon of fascism. But one thing is perfectly clear today: there had been no single or predominant, all-explaining cause of Hitler's coming to power; there had been many causes and fatal circumstances, and their interaction decided everything.

What should be added, first and foremost, to historians' indisputable conclusions is that Weimar democracy was extremely unstable, primarily in the sphere of the economy: production and business had slumped, unemployment figures soared, the country was in a growing dependence on foreign creditors and, to make the matters worse, the year 1923 brought a devastating inflation. And although the situation straightened up later, the fear of a relapse into inflation ("inflationary expectations," to use modern term) determined people's behaviour in a crisis.

At that time, Germans were in no mood to recall that their problems were a legacy of the Kaiser Reich further aggravated by the war and by the terms of the Peace of Versailles. In today's Russia, most people forgot all about the fact that the slide into chaos had begun long before the advent of the Democrats and that the latter, for all the mistakes they committed, cannot be held responsible for what has happened over the past seven decades. Human memory is prone to nostalgia for the past; most claim now that the "stagnation period" – let alone the Stalin times sorely missed by many – was an era of prosperity: food and consumer goods were in abundance, and there was no crime.

"Bad Germans" and "bad Russians"

As was the case in Germany, the reasons why our democracy is so unpopular lie not only in the legacy of the past, which was almost totally devoid of democratic traditions, but largely in the unfortunate and incompetent actions of the Democrats, especially now that they, once in opposition to the regime, have become the ruling force.

Masquerade? There is nothing to laugh at

In Russia today the chief danger comes not so much from economic chaos as from the forms of political responses to it.

Another circumstance of no less importance, perhaps, reminiscent of the situation in Weimar Germany is that in Russia today reforms are resisted by both sides, by the Right and by the Left. That their arguments differ does not matter much – in the end, their efforts, their day-to-day struggle against the government undermine democracy weak as it is so far.

It would be of interest to compare the arguments of the German and Russian Right. In Germany they attacked the democratic republic as an allegedly "non-German" social order, as an "imported system." The Russian Right are also shouting about democracy being "alien" to and incompatible with the traditions of the Russian state and of the Russian people, and call for going back either to monarchy, or to the command administrative system which they love so dearly.

Now and again we hear talk about "Motherland being sold out," about the sway of foreign capital seeking to plunder and enslave that "sleeping beauty," Russia. The German Right presented Democrats and Liberals as "bad Germans" who betrayed national interests and sought to impose a form of government and a lifestyle which were alien to national mentality. Naturally enough, they regarded themselves as "good Germans" concerned about the nation's future.

Anyone who has been studying German history and culture for years cannot help being shocked by the degree of similarity in question.

Being sworn enemies, the German Left and Right ideally complemented each other nevertheless as they rammed, from two sides, the edifice of the Weimar state which was still under construction and not strong enough to sustain the blows. In today's Russia, Soviet Communists, national-patriots, the Pamyat anti-Semites, the conservative military who believe themselves to be a political force in its own right, local "princes" and their entourage in the provinces and other hardliners opposed to reform also join hands in seeking to put an end to the Democrats who have "betrayed the interests of the Motherland."

Fighting the Satan

Now citizens are called upon "to march on the White House"; the Communists are on the rise again, and it doesn't embarrass them in the least that in their anti-democratic frenzy they are at one with their "ideological enemies" of a short while ago – monarchists, chauvinists and the reactionary clergy.

The cultural situation in Russia today is also much like that in Weimar Germany – I mean the deep split and the polarization of cultural forces, which is most regrettable. We witness violent clashes between Liberals and "grass-rooters," between the intellectuals wishing to join the world civilized community and those who hold forth about Russia's special way and special mission.

There exists a deeper kinship which manifests itself not only at the cultural-political level. We see similar processes in the spiritual sphere: intensification of irrationalism, cultural pessimism, neo-romantic protests against civilization, against modern urban "asphalt" culture, the rejection of the very idea of progress, propaganda for "grass-roots," "folk" culture opposed to "harmful" intellectualism. All this is going on against the background of growing nationalism which, combined with economic crisis, gradually leads to the need for a "break-through," for eliminating liberalism and democracy. Irrationalism, nationalistic feeling prove to be closely connected with the conception of a leader.

Judophobia is one of the trump-cards used by the Right-wing intelligentsia, professional patriotic writers like those rallied around the *Molodaya Gvardia* or *Nash Sovremennik* magazines.

Our Judophobes' arguments fully coincide with the Nazis': the Jews are pictured as anti-Russian cosmopolitan forces craving for world domination and hatching a worldwide conspiracy, as the destroyers of the great spirit of the nation which has cherished them on its bosom, as a destructive satanic force capable of ruining everything of intrinsic value.

All this mythology is as tenacious of life and as immune to the arguments of reason as it was during the rise of national-socialism in Germany, and as dangerous as a factor in the further division of society, in its embitterment and brutalization.

The Left, watch out!

The differences in the midst of the Democrats themselves, of the democratic intelligentsia, their mysterious inability to unite, especially strongly manifest over the past few weeks and months, are fraught with fatal consequences, as illustrated by the record of Germany. Our Left, as if following the example of their Weimar Republic predecessors, are contributing towards the disintegration of the democratic system.

The Right are obviously the worst enemies of democracy, but criticism from the Left is becoming ever more abusive, thus sowing mistrust towards and contempt for the authorities; the tone of the Left-wing press is now arrogant, now cynically mocking. At one time, the German Left behaved in a similar way, only to pay a dear price for that later.

The Democrats' tolerance with regard to those who are trying to topple them may prove as fatal. In the post-August period, our democratic press often quoted someone as saying that he was prepared to sacrifice his life for his enemy's freedom of expression. As was the case in Weimar, the enemies of democracy are unscrupulously taking ad-

vantage of the Democrats' tolerance in the drive to topple them.

Other striking points of similarity between Russian Democrats today and their Weimar predecessors are underestimation of danger, indecision and inability to identify the real enemy. It will be recalled that Hitler and his "movement" were not taken seriously either at first. In those times, the Left-wing press – the *Weltbühne* magazine, for instance – quipped now and then that it would be not a bad idea to let him take over power and then disgrace himself.

Intellectuals woke up to the Nazi danger when it was too late already. They lacked the historical experience to discern on time and to see the development and dynamics of that danger. They turned a deaf ear to those few who did sense it and tried to warn them. What's more, even after the Nazi takeover some of the Left-wing liberal intellectuals still harboured the illusion that the regime would be civilized enough to put up with. Some even retained this illusion (at the very beginning, of course) even after they had left Germany.

Isn't this the case here now? The Democratic authorities display inexplicable light-mindedness while professional patriots, allied with Communists, are widening the sphere of their influence by appealing to most various sections of the public weary of economic difficulties and finding an interested audience.

Lessons of history

In their time, National-Socialists skilfully conducted their public-relations campaign under slogans which appealed to all: they declared for political and national unity, aggrandized the German spirit, criticized their opponents' political decisions, put the blame for all the troubles on external forces and the internal enemies: the Jews, above all, intellectuals at large, liberals, and others.

All these slogans have been adopted by our professional patriots, with the specific realities of modern Russia taken into account. By now, the "patriots" have shaken off all restraint. Combined with the further polarization of forces in society, their push may confront most people with the dangerous alternative of either sinking deeper into chaos or accepting the totalitarian rule of a national-Bolshevik-fascistoid type.

The main lesson of the Weimar Repubic is that the forces of nationalistic totalitarianism must be stopped before they seize power. The history of Germany – and of Russia, for that matter – teaches that (banal as it sounds) democracy should resist the attempts to use rights and freedoms for the purpose of undermining and destroying democracy itself.

It makes no sense to use the subjunctive mood as applied to history: why speculate on what turn the events would have taken under different circumstances. Some people take a different view, however.

The well-known German writer Alfred Andersch, having pondered much over the lessons of totalitarianism, regards the "accomplished fact" theory as cynical and amoral. Tragical fatalism and adherence to the principle of "what has been, has been" leads, in his opinion, to the justification of "any swinishness by means of a linguistic trick – the dictatorship of the indicative mood."

Andersch is convinced that history should not be merely resigned to because by not trying to imagine what course the events would have taken in a different set of circumstances, one denies himself even a notion of a better option and dooms himself to passiveness therefore. One should think in the "subjective mood" if one is to learn the lessons of history and to try and influence its course. So let us renounce the "dictatorship of the indicative mood" and draw some conclusions from the past, from history, even though it is not ours but another nation's, because history tends to repeat itself.

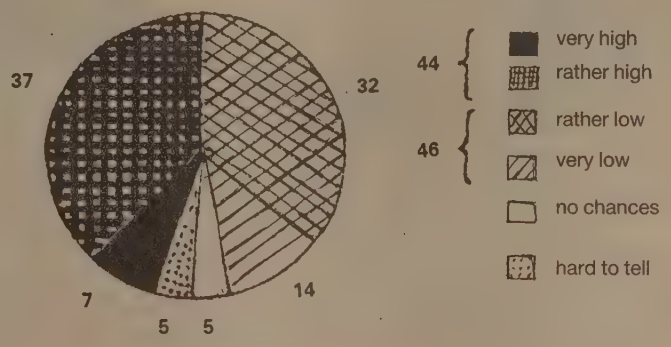
Irina Mlechina

SOCIOLOGICAL SURVEY

Prof. Boris Grushin's Vox Populi

Who is to oppose the brown threat?

What are the chances that those whose programme is based on the ideas of national-patriotism, national-socialism, will take over power? (707 public opinion leaders were polled by telephone on the eve of 1992. Here are the returns of the poll, in percentages of the total number of respondents.)



So, **almost a half** of representatives of today's political and administrative elite presume that the victory of national-patriotic, national-socialist forces in Russia is **quite possible.** Leaders of political parties and public organizations are the most inclined to admit the likelihood of this prospect (54 percent of the respondents) while relatively few journalists and representatives of Russia's executive power expect things to take such a turn (32 and 36 percent, respectively).

An overwhelming majority of the respondents deny this possibility outright. Almost every third thinks that this would lead to the restoration of the totalitarian regime, to Russia's complete isolation from the outside world; 18 percent think this would add to ethnic tensions in the country; nine percent are of the opinion that the victory of these forces will push living standards further down. Only 5.6 percent of the respondents believe that such a development of events will make the nation better off and one percent even expect it to bring a "triumph of human rights and freedoms." Such a cross-section of public opinion suggests that a large proportion of those in high places do not want to see the "brown-reds" in power but feel unable to oppose the imminent danger. Who will be in a position to do that, then?

In 1964, when **Alexei Adzhubei** was removed from the post of *Izvestia* Editor-in-Chief and "exiled" to work as a department head in the propagandist magazine *Soviet Union*, few believed that he would return to professional journalism. But he returned after 20 years of forced silence on Gorbachev's personal permission.

In the past few years Adzhubei has been writing much, as if trying to make up for the lost. His articles were readily published by the best periodicals at home and abroad. *New Times* carried several essays by him.

A short while ago Alexei Adzhubei again became Editor-in-Chief. He has established a newspaper, *Third Estate*, under the auspices of Consolidation, a confederation of entrepreneurs' unions. The new edition is intended not only for businessmen. The meaning of the term "third estate" is much broader. Most likely, it includes the entire Russian "middle class." The first issue of the newspaper opens with the words, "Our topic is the rebirth of a freely working man." Among its contributors are Alexander Gelman and Andrei Nuikin, Larisa Piyasheva and Svyatoslav Fyodorov.

An undoubtedly gifted man, Adzhubei the editor has an amazing ability to surround himself with talented people. It was so when he worked in the newspapers *Komsomolskaya Pravda* and *Izvestia*. Alexei remained adherent to himself. His team includes both veterans of *Izvestia* and young generation of journalists. Pavel Voshchanov, former press secretary of the Russian President, joined Adzhubei as his deputy.

Editor-in-Chief of *Third Estate* does not yet have either a personal secretary or even his own office (the editorial office is situated in a two-room flat in Novoslobodskaya Street in Moscow). But housing inconveniences do not seem to trouble him very much. Alexei Adzhubei, now 68, is full of enthusiasm and ready to continue his new cause.

* * *

A year ago, when Moscow journalist **Yury Filinov** decided to leave the newspaper *Komsomolskaya Pravda* for the newly founded Russian Information Agency (RIA), he did not meet with understanding among his colleagues. People seldom leave their long-occupied posts on their own will. Filinov explains his decision as follows: "A man of my cast of mind must sharply change his life once in ten years. In *Komsomolskaya Pravda* I have achieved perhaps everything I could."

A graduate of Moscow University's faculty of journalism, Yury began his career as a correspondent for the newspaper *Moskovsky Komsomolets*. It was he who initiated there the now famous Sound Track. At the same time he wrote scripts for two documentary films *Rock* and Woman in the Sea.

In the RIA Novosti, Yury was offered to head the cultural centre RIA–TOP (now called TOP–Centre). Its original function was to disseminate information about the cultural life of Russia. However, Filinov wanted to achieve more. "For a long time we had to persuade people that we were not going to speculate in Matryoshka dolls in the West," he recalls. "We want to act as mediators in the international cultural exchange."

One of the first programmes drawn up by the TOP–Centre is "Russian prodigies for the whole world." According to Yury's prospect, five of the most gifted young musicians from Russia should play jointly with the national orchestras of various countries.

One more Filinov's project seems to be realized soon. Several

Minister with double citizenship

In accordance with the law, Estonian citizenship is granted only to indigenous Estonians or those who had lived in the republic before it was annexed by the Soviet Union in the summer of 1940. **Jaan Manitski,** the newly appointed Foreign Minister of Estonia, is an Estonian by nationality and a son of citizens of the First (Estonian) Republic. He was born in 1942 near Tallinn and two years later, after the liberation of Estonia from Nazi occupation by the Soviet Army, his family emigrated. It appears that he has the right to receive citizenship of the new Estonian Republic automatically. But Manitski is already a citizen of Sweden.

In the relatively prosperous Estonian diaspora Manitski is known as one of the most thriving financiers (incidentally, he was manager of the famous ABBA group). His ties and experience in banking and market relations may prove very useful. When the Estonian parliament discussed candidates for the post of foreign minister (after the resignation of Lennart Meri, who is known for his national radicalism) an argument arose on whether a person, not a citizen of the republic, can be a member of its cabinet of ministers, or whether Mr Manitski should be granted double citizenship. But the local legislation does not allow double citizenship, while the new minister does not intend to renounce his Swedish citizenship. Besides, in the recent times he has lived together with his family (wife and four daughters) in Belgium. Manitski speaks not only Swedish, but also French and Flemish, and Estonian, of course.

In any case, Mr Manitski is the first man in Estonia who has received double citizenship and now holds a top government post. Unlike his predecessor, Manitski doesn't think it advantageous for Estonia to set up "cordons" on the border with its Eastern neighbour.

"I am sure that we must develop all-round relations with Russia on mutually advantageous terms," he said. "Though I do not know Russian and am not yet familiar with the specific Russian situation, I hope that we shall achieve success in cooperation."

days ago the editors of leading Russian newspapers signed an appeal to journalists of the world, inviting them to take part in the first festival of independent media to be held in Moscow on August 19 and 20.

* * *

Alexander Popik, now the Assistent Director General of Homatek, graduted from a Machine Tool Building Institute, majoring in mechanical engineering. He has worked for the Stankoimport foreign trade association as a representative in Germany.

Four years ago, the German company Heinemann entered into a joint venture with the Moscow Ordzhonikidze Machine-Tool Building Plant, which was given the name of Homatek (an acronym for Heinemann, Ordzhonikidze, technology and commerce). Over the course of the first year of operations, Homatek designed and manufactured 18 metal-cutting machine tools and NC machining centres (as opposed to the 12 previously planned), of which 14 were exported.

Homatek's development plan provided for the construction of a modern production facility and an increase in the production of competitive equipment, with the aim of entering the world market. This was the first machine-tool building joint venture in the country and the sixth joint venture overall. "It was able," Popik says, "to boost production to 40 machine tools and machining centres a year, of which two thirds were sold abroad, where our equipment won substantial recognition. But now we have to abandon export activities. Even modest exports have been made impossible by Vneshekonombank, which has frozen our foreign exchange earnings. What is at issue is just several million Deutsche marks that we need to buy components for our machine tools from Siemens and Watz Hidravlik. Without such items, we cannot hope to meet the demands of Western customers.

"Homatek has contracts to deliver its machine tools to the US,

China, South Korea, and Iran. The total value of the contracts is about $1.5 m, which is much more than the amount Vneshekonombank is withholding from us. Vneshekonombank," Alexander stresses, "is killing a chicken that lays golden eggs for a very small amount of feed.

"Reality is forcing us to target the domestic market, where we can earn rubles and use them to buy currency. We are now our own masters, and this is unquestionably an achievement of Russian reforms. We are engaged in many commercial activities.

"We are doing everything we can to be able to purchase components that meet world standards, yet will not lower our own standards. It's very sad, however, that Homatek's personnel, who have the highest, and sometimes unique, qualifications, should be diverted into commerce and intermediation.

"But I am optimistic," Popik says. "Four years of struggling with the bureaucracy have not passed in vain. We have learned many things. Bankruptcy is not something to expect for Homatek. We have even managed not to borrow money.

"We intend to enter the markets of East European, Middle Eastern and Central Asian countries with flexible production systems. We'll use the multi-purpose machinery centre which we exhibited in Paris to produce titanium tubes through our unique technology. Americans have already signalled their interest."

Optimist from the reform team

Sergei Vasilyev, Cand.Sc. (Economy), 35, a graduate of the Leningrad Financial and Economic Institute, was invited last November to joint the government as an economic adviser.

"The task of transforming the Russian totalitarian-administrative economy into a market economy," says Vasilyev, "was acknowledged first by individual dissidents and liberal economists and was then embraced by the masses. However, there is no theory of how to take into account the unique features of a country in which reforms begin. In postwar Germany, in militarized Japan, in Chile with its socialist type of economy no one has ever thought about what is specific about these countries. A pragmatic attitude was taken there: the economic situation was studied and general principles were drawn up for the solution of concrete problems in each given country. As for the specific features of Russia, that it is opposed to market tendencies, is a widely spread and false stereotype. The permission to set up joint venture enterprises and cooperatives has led to a broad development of business, trade and the private sector. The presence of a large number of people not engaged in business is not at all a specific feature of the Russians. In all economies there are many non-owners, people employed in businesses organized by others. Some 100,000 entrepreneurs are enough to build an effective economy. The conditions of management should be created for them.

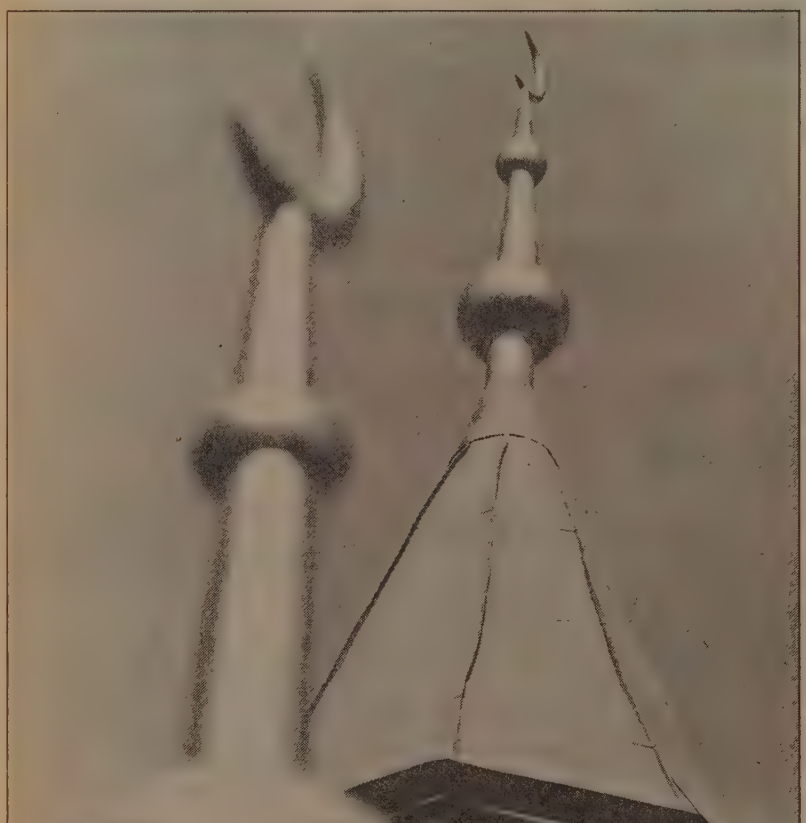
"We the reform team," Vasilyev stresses, "did not have any reflections of an ethical or sociocultural character. We only doubted that market reforms could be implemented by democratic means, for in all other countries they were effected by authoritarian methods. Chile had a dictatorship, Russia was under a tough totalitarian regime at the end of the 19th century, and Japan had an occupation regime.

"We are often accused of not thinking about the consequences of reform for the people. It is not so. The task of the government is to make the consequences bearable for the majority of the population. The government must ensure survival for all, understood quite simply: people should not die from hunger and the life of everyone must be protected. Let those who can work take care of themselves. The government will help others within the limits available to it. We are the government of a poor state and want to live according to our means.

"There are also favourable factors: Russia remains a great power, our population is of high mobility, we have a good infrastructure, a vast territory and rich resources. In our opinion the specific national features of Russia are favourable for reform. Though dependence on society, the expectation of initiative from superiors, and inertness are still strong, all these attitudes will disappear as soon as the economic behaviour of people becomes an effective factor."

On a Ramadan day they show us a cross

Sheik Ravil GAINUTDIN, President of the Islam Centre in Moscow and Moscow region, and chief Imam of Moscow's main mosque, interviewed by a *New Times* correspondent



If what they are saying in the newspapers is true, then Islam is becoming more and more popular not only in the former Soviet republics of Central Asia, but in Russia too, and even in regions which were traditionally considered Christian. Is that so?

At the end of the 1980s, new Muslim schools opened and the number of those wishing to devote their lives to serving Allah really did increase. The word "Imam" means "leader." And such leaders are appearing. We hope that they will develop our dogma.

Islam suffered greatly over the past 70 years. I'd say that it was Islam that suffered most of all. After the revolution, they gradually destroyed the written language of the Muslim peoples, they tried to deprive them of their history and culture. They decided to make them Slavs, new Soviet people, and their names had to end on "ov" – something not so of any Muslims. Now young people come to us with tears in their eyes and ask us to teach them their native language, history and culture. They don't know anything about them. And we have to teach them their native language, along with Islam and Arabic.

The 70 years of Soviet rule have given us people with no morality. They are spiritually poor and don't have any idea either of the religions of other peoples, or of their own. That's why such paradoxical things happen as Moslems wanting to become Baptists or Krishnaists. People have been torn away from their roots, there is no fear of God in them. And anyone who doesn't fear God can't live a righteous life.

But fear isn't the best stimulus for a righteous life.

Fear is responsibility. It helps people understand that if they do evil, then they will have to answer for it. And they will not answer here on earth (no earthly laws frighten us anymore), but to the Almighty. There will be no lawyers. What excuses will they find?

Our main task is to give the people who are being born now a spiritual foundation. The state took literally everything upon itself, including the upbringing of our children. From nursery school up they taught children that there was no God. That means you can do anything. Later, cruelty and selfishness were taught by life itself. People forgot their predestination: they are on earth in order to pass an exam.

That's all very fine. But why are there so many conflicts in the Muslim world then, say, the recent one between Iran and Iraq?

They are not religious conflicts. During the war between Iran and Iraq, the Shiites were fighting against the Shiites, and the Sunnites against the Sunnites. Two political forces were at loggerheads, two leaders fighting each other. And terrorist acts continually take place even in Great Britain. There are Christians fighting each other in Moldova, for example. And there is the merciless war in Azerbaijan...

Are you on anybody's side in these conflicts?

We Muslims don't defend anyone except those of our own faith, i.e., Muslims.

So in the Armenian-Azerbaijani conflict, are you totally on the side of the latter?

First of all, we don't look on it as a religious war, and secondly, it was imposed on both peoples. Bombs can't discriminate between Muslims and non-Muslims. Therefore we aren't taking sides. But the media is giving biased information. Recently, a delegation of Slavs from Azerbaijan was here. They said that the Armenians were practicing genocide against the Azerbaijanis. How can I doubt these Russians and Ukrainians? The Slavs came to an Imam and asked him to defend their Azerbaijani brothers. And I want to defend the Muslims suffering in Azerbaijan. We are with them.

Islam is the only world religion today that is flourishing. Why?

That's the way it ought to be. We think that all prophets, from Adam to Jesus Christ, were sent by the Almighty. Each of them brought a Holy Scripture to his people in his time. The Holy Scripture is the law of the Almighty. And each law sooner or later becomes obsolete. That's why the Almighty gives new epistles through new prophets. Christ followed David and Moses and the Holy Scripture handed down to him said that a new propet would come after Christ and bring a new book which all living on earth should obey. Not everyone liked that. The texts of the Bible were distorted and new manuscripts were written – that's how we got the four chapters of the New Testament. But Christ taught that a new final book, the most complete in which everything – politics, economics, history, rituals and everyday life – is laid down, should be accepted. That's why Islam is so widespread and winning over more and more believers around the world. Michael Jackson, for example, has become a Muslim and donated 20 million dollars for building a mosque in Chicago. The secretary of the CC of the Communist Party in France has also become a Muslim.

How do people in Russia relate to Muslims?

The Russian Orthodox Church is trying to prove that it was the state religion in Russia before the revolution and therefore should be now. It has even demanded that the Moscow Patriarch's residency be in the Kremlin, so as to once and for all confirm its supremacy. During the holy Muslim holiday Ramadan, we heard all day about the new Christian saints on TV.

Islam doesn't raise any man up to the level of being holy. We have no intermediaries between Allah and the people. The Almighty is accessible to us and we don't need the help of the relics of some saint in order to address Allah.

You look on Christ only as a prophet, and deny that he is the Son of God and the Son of Man. Doesn't this belittle man?

To the contrary, Islam exalts man. It speaks about the accessibility of Allah. Any mortal can address him without any intermediaries. We don't need any crosses or icons. We address Allah directly. And they show us an Orthodox service on the TV on our holiday! As if it's a big event! And not a word about how the Muslims all over the world are celebrating their holiday. After all, there are more than a billion of us. But we weren't congratulated by the President of Russia, nor the government!

Does that mean that you aren't on very good terms with the President?

There are no relations between us at all. The Russian Orthodox Church has access to the leadership of Russia, but the President has never met with the head of the Muslims.

Why?

I don't know. The President has a lot of advisers. I told them personally about our holiday and added that it would be nice to be congratulated by the government – it would inspire the Muslims. You know, I get hundreds of letters asking why nothing is said about us, why we aren't shown on TV. Why do they show crosses all the time? From the screen they always make the sign of the cross over us, but Muslims don't have the right to receive this Christian rite!

Some of the President's advisers say that civilized Christianity has always been at odds with barbarian Islam in Russia. However, though these religions existed separate from each other before the revolution, there was no enmity between them. There is none now, but there is no equality before the law either.

Did Islam and Christianity make an equal footing in Russia before the revolution?

No, the Muslims were just tolerated then. But the situation is different now. Our state has signed documents on human rights, which says that all beliefs have an equal rights. We have yet to feel that.

What do you think of the situation in Tatarstan? Might it arouse anti-Muslim sentiments in Russia?

Each people has a right to self-determination. And Tatarstan has legitimately declared its independence. That is, independence not only for the Tartars, but for all living in the republic. I spoke with a Russian woman, a doctor from Kazan. She told me there was no discord, all was fine if only they didn't stir up the situation from without. And that's exactly what the press and television are doing. They show a man who says that they are giving the Russians a hard time, and make it seem like this is the opinion of everyone. Such broadcasts excite the people living outside Tatarstan and not knowing what is really going on there.

The Russians and Tartars there have never been hostile towards one another. In the Kazan Kremlin, crosses have been put on the church that was once the Khan's mosque. That's the "gift" they gave us on the 1100th anniversary of Islam. And how many times Muslims asked them to put a crescent over the minaret! They wrote the central government and the government of Russia. But instead, they put over the year 1100. But the Tartars refrained from the conflict all the same. Why should there crop up anti-Muslim sentiments now?

But in Tatarstan there are now shouts (and not from the crowd) about the need to redraw the borders: "Five centuries ago the Tatar khanate stretched to Siberia and should now..."

There are all sorts of people – in Moscow and in Kazan. Often they express very extreme points of view. I heard, for instance, from a Moscow Tatar that Tatarstan had never been a state, but now look what they're asking for! And among the Russians there are those who demand: "Russia only for the Russians." They intend to send us Muslims to Mongolia. No attention should be paid to such extremists. They're not the ones who set government policy.

How does the Muslim Ecclesiastical Board for Central Asia look on the Muslims of Tatarstan and Bashkiria?

We all observe the commandments of Allah: if Muslims believe in the Almighty Allah, in the Prophet, they are all brothers. So the Central Asian Muslim officials only have brotherly feeling towards the rest of the Muslims.

Do you think it is possible, honorable Imam, to create a theocratic government in Central Asian Muslim republics, which have now become independent members of the CIS?

No. We already have been raised differently and think differently. Our Muslims are more European. So creating a monotheistic state is not realistic. All the republics have several religious faiths – how could they exist in a theocratic state?

Interviewed by
Tatiana Chernova

Picture galleries with artists, but without buyers

Although Moscow abounds in art galleries, buying a picture has become quite a problem. And selling a picture is a bigger problem still

Pessimism over our art market, widespread until recently, is now receding under the onslaught of reality. Few people now discuss the subject of whether we have an art market or not. Selling and buying pictures is now becoming more and more of a technical problem.

Two years ago the Manezh Art Gallery became the first one to cater to the domestic market only. In a situation where the absence of the domestic art market was the talk of the town, we realized full well that demand for art had to be created in the first place. We signed contracts with several domestic corporations and became their agents on the art market. Judging by the fact that asking banks and commodity exchanges for money to invest in culture is now common practice, we played our cards right.

Now most art galleries have, of necessity, shifted their attention to the domestic market. The situation has changed, though. Along with corporate buyers, the art market is drawing ever more private individuals. Unfortunately, the latter rarely go to galleries and prefer other sources of replenishing their collections.

The domestic art market is now clearly dominated by antiquarians who have taken over initiative. As compared to most art galleries, which make meagre, if any, profit, antique shops are really thriving.

This is not the matter of art buyers being conservative in their tastes. What gives antiquarians an advantage over other art dealers is that they have a steady clientele which they have cultivated for years and decades even. On the other hand, the absence of regular clients is the art galleries' No.1 problem. What's worse, there is no system of relationships between galleries and clients.

The Manezh Art Gallery. A drawing by A.Tyshler

On our market, art galleries represent, en masse, the interests of artists, not buyers. Far from attracting prospective clients, this antagonizes them.

Indeed, galleries are now set up by artists, as a rule, who have no market for their pictures. As a result, the galleries are identified with freedom of self-expression, but rarely give their clients expert guidance. Many prospective clients prefer to be on the safe side and follow the beaten track leading to an antique shop. And this despite the fact that an art gallery apparently has many advantages over an antique shop.

A person who has money to spare and who wishes to invest it in art does not know how to do it, as a rule. He needs an expert consultant but, at the same time, he wants to have pictures which are to his taste, otherwise there is no reason to buy them.

The most difficult part of working with a client is determining the strategy of his behaviour on the art market and working out the concept of a future collection. Such expert services can be rendered a client only by a gallery which is his personal agent on the art market. As to antique shops and auction sales, they are much better for experienced collectors and experts.

Another important advantage of gallery trade is that a gallery can find what its client is interested in. The best pictures are still either confined to artists' studios and private collections, or are offered for sale on the black market only. Nevertheless, where there's a will, there's a way of getting practically anything.

The trouble with us is that our galleries stubbornly offer what they want to sell, not what a prospective buyer would like to buy. Antique shops and auctions respond to demand much more flexibly than do galleries which usually have commitments to certain artists to fulfil. This practice is all wrong, because an artist working for a gallery is supposed to render his concrete clients personal service.

Besides building up specific gallery clientele who are looking for experts, not for artists, there is also the knotty problem of pricing works of art.

Market prices of art are high, therefore a client takes great risks in this sphere. The market is flooded with fakes and worthless daubs. Some prices are over- and others, under-stated.

On the other hand, the difference in prices of expensive and inexpensive art is surprisingly small here. The upper price limits haven't been set yet. The most clever thing to do now is buy rare and expensive works of art. In the antique market, experts have already noted a rise in demand for expensive objects. A similar trend is to show in the modern art market soon.

"A Fallen Angel" by M.Kotarbinsky. Fo rubles...

Art galleries charge ever higher prices, and the number of pictures on display there will be diminishing steadily. Most of the good pictures which have already passed through the galleries will return to the market after a while, but their prices will be different. As for bad pictures, they will go out of circulation forever. The list of names represented on the market by the leading galleries will shrink sharply. Prices of gallery art will rise manyfold.

The export of our art has actually come to naught. Nevertheless, it's safe to predict that gallery business will boom. Both galleries and buyers ought to be ready for that.

Yelena Pivovarova,
Art Director, the Manezh Art Gallery

WELCOME
to restaurant
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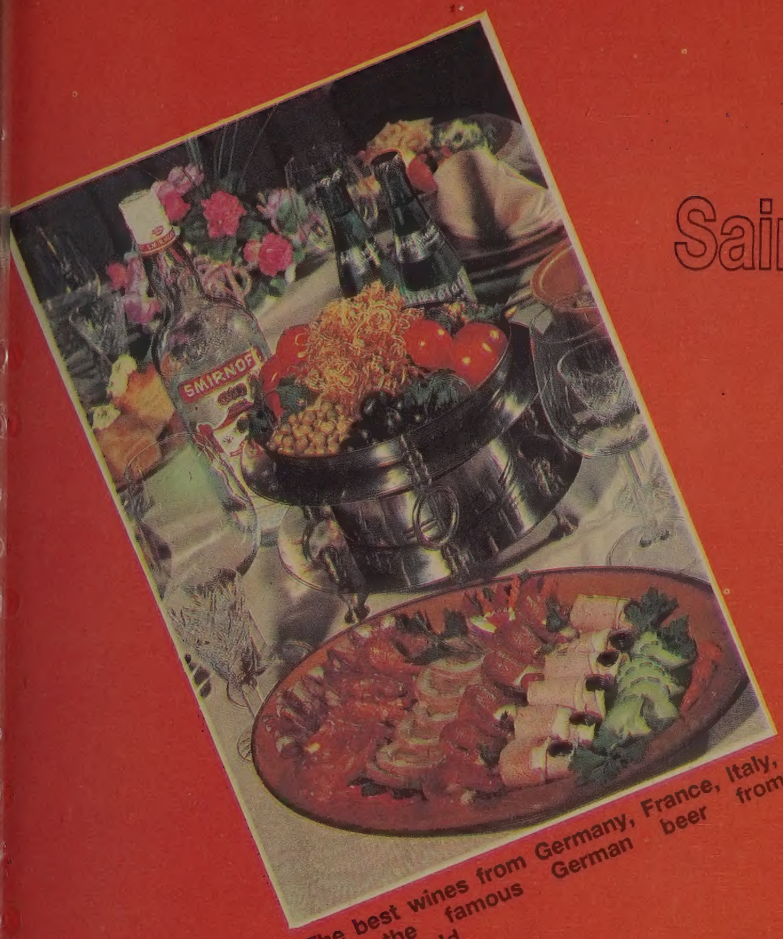

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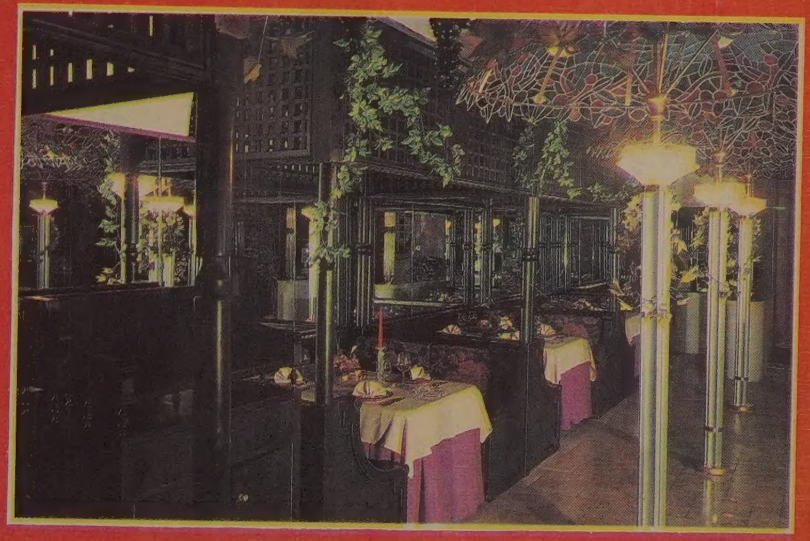

Variety-theatre with the show *Tsar Peter the Great* invites

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